



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



101 Central Plaza South  
700 Chase Tower  
Canton, Ohio 44702-1509  
(330) 438-0617 or (800) 443-9272  
EastRegion@ohioauditor.gov

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

Brilliant Water and Sewer District  
Jefferson County  
706 2<sup>nd</sup> Street  
Brilliant, Ohio 43913

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Brilliant Water and Sewer District (the District) on the receipts, disbursements and balances recorded in the District's cash basis accounting records for the years ended December 31, 2018 and 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 years ended December 31, 2018 and 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

1. We recalculated the December 31, 2018 and December 31, 2017 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2017 beginning balance recorded in the Cash Journal to the December 31, 2016 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, 2018 beginning fund balances recorded in the Cash Journal to the December 31, 2017 balances in the Cash Journal. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2018 and 2017 cash balances reported in the Cash Journal. The amounts agreed.
4. We confirmed the December 31, 2018 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, 2018 bank reconciliation without exception.
5. We selected a sample (agreed upon) of five reconciling debits (such as outstanding checks) from the December 31, 2018 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.
6. We traced interbank account transfers occurring in December of 2018 and 2017 to the accounting records and bank statements to determine if they were properly recorded. We found no exceptions.

**Intergovernmental Receipts**

1. We selected a sample (agreed upon) of five receipts from the County Auditor's Detail Vendor Expenditure Report from 2018 and five from 2017.
  - a. We compared the amount from the above report to the amount recorded in the Cash Journal. The amounts agreed.
  - b. We inspected the Cash Journal to determine that these receipts were allocated to the proper fund. We found no exceptions.
  - c. We inspected the Cash Journal to determine whether the receipts were recorded in the proper year. We found no exceptions.

**Charges for Services**

1. We selected a sample (agreed upon) of 10 water/sewer collection cash receipts from the year ended December 31, 2018 and 10 water/sewer collection cash receipts from the year ended 2017 recorded in the Billing Register and:
  - a. Agreed the receipt amount per the Billing Register to the amount recorded to the customer's account in the Utility Payment Report. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Utility Payment 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 posted to the proper fund, and was recorded in the year received. We found no exceptions.
2. We inspected the Account Late Charges Report.
  - a. This report listed \$9,235 and \$4,185 of accounts receivable as of December 31, 2018 and 2017, respectively.
  - b. Of the total receivables reported in procedure 2a, \$0 and \$0 were recorded as more than 90 days delinquent as of December 31, 2018 and 2017, respectively
3. We inspected the Utility Adjustment Edit Report.
  - a. This report listed a total of \$14,816 and \$12,177 non-cash receipts adjustments for the years ended December 31, 2018 and 2017, respectively.
  - b. We selected a sample (agreed upon) of five non-cash adjustments from 2018 and five non-cash adjustments from 2017, and noted that the Board of Trustees approved each adjustment.

**Debt**

1. From the prior agreed-upon procedures documentation, we observed the following 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.

<b>Issue</b>	<b>Principal outstanding as of December 31, 2016:</b>
OWDA Loan #5876	\$124,867
OWDA Loan #5890	370,775
OPWC Loan #CN28N	43,332

2. We inquired of management, and inspected the Cash Journal for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of loans debt activity for 2018 and 2017 and agreed principal and interest payments from the related debt amortization schedules to General fund payments reported in the Cash Journal. 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 agreed the amount of debt proceeds from the debt documents to amounts recorded per the Cash Journal. We noted debt proceeds of \$375,541 and \$26,894 received in 2018 and 2017, respectively, were not posted to the District's ledgers.
5. For new debt issued during 2018 and 2017, we inspected the debt legislation, which stated the District must use the proceeds to design, plan, and build a new water treatment facility. We inspected the Cash Journal and observed the District spent all the proceeds towards the new water treatment facility.

**Payroll Cash Disbursements**

1. We selected one payroll check for five employees from 2018 and one payroll check for five employees from 2017 from the Payroll Register Detail Report and:
  - a. We compared the hours and pay rate, or salary amount recorded in the Payroll Register Detail Report 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 register. We found no exceptions.
  - c. We inspected the Payroll Register Detail Report to confirm whether the account codes 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, 2018 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 2018. 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	January 31, 2019	January 25, 2019	\$1,234	\$1,234
State income taxes	January 15, 2019	January 29, 2019	276	276
OPERS retirement	January 30, 2019	January 28, 2019	3,514	3,514

As noted above, the District did not pay State income taxes before the date due as required by Ohio Rev. Code Section 5747.07.

### Non-Payroll Cash Disbursements

1. We selected a sample (agreed upon) of 10 disbursements from the Cash Journal for the year ended December 31, 2018 and 10 from the year ended 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 Cash Journal 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 office manager certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 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* and *Amended Official Certificate of Estimated Resources*, and budget amendments, required by Ohio Rev. Code Sections 5705.28(B)(2) and 5705.36(A)(1), to the amounts recorded in the Revenue Ledger for the years ended December 31, 2018 and 2017. The Revenue Ledger recorded budgeted (i.e. certified) resources of \$2,517,542 for 2018. However, the final *Amended Official Certificate of Estimated Resources* and budget amendments reflected \$1,177,862. The Revenue Ledger recorded budgeted (i.e. certified) resources of \$695,555 for 2017. However, the *Certificate of the Total Amount Available* and budget amendments reflected \$694,766. The office manager should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.
2. We inspected the appropriation measures adopted for 2018 and 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 Sections 5705.28(B)(2) and 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.28(B)(2) and 5705.38 and 5705.40, to the amounts recorded in the Appropriation Ledger for 2018 and 2017. The amounts on the appropriation resolutions in 2018 and 2017 of \$1,177,840 and \$688,261, respectively, did not agree to the amounts recorded in the Appropriation Ledger of \$1,170,217 and \$684,031, respectively.
4. Ohio Rev. Code Section 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, 2018 and 2017. Appropriations did not exceed estimated revenue.
5. Ohio Rev. Code Sections 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, 2018 and 2017 as recorded in the Appropriation Ledger. Expenditures did not exceed appropriations.

6. We inspected the Cash Journal for the years ended December 31, 2018 and 2017 for negative cash fund balance. Ohio Rev. Code Section 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

1. Ohio Rev. Code Section 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 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, 2018 and 2017 in the Hinkle system. Financial information was filed on April 25, 2019 which was not within the allotted timeframe.
2. For all credit card accounts we obtained:
  - copies of existing internal control policies,
  - a list of authorized users, and
  - a list of all credit card account transactions.
  - a. We inspected the established policy obtained above and determined it is:
    - i. in compliance with the HB 312 statutory requirements, and
    - ii. implemented by the entity.We found no exceptions.
  - b. We selected 3 credit card transactions for testing. For selected transactions we inspected documentation to determine that:
    - i. Use was by an authorized user within the guidelines established in the policy, and
    - ii. Each transaction was supported with original invoices and for a proper public purpose.We found 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.

Brilliant Regional Water and Sewer District  
Jefferson County  
Independent Accountants' Report on  
Applying Agreed-Upon Procedures  
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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, 2018 and 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 "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber  
Auditor of State

Columbus, Ohio

August 9, 2019



# OHIO AUDITOR OF STATE KEITH FABER



**BRILLIANT WATER AND SEWER DISTRICT**

**JEFFERSON 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  
AUGUST 27, 2019**