



OHIO AUDITOR OF STATE
KEITH FABER





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 (the District) receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2020 and 2019 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, 2020 and 2019 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, 2020 and 2019, 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

1. We recalculated the December 31, 2020 and December 31, 2019 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2019 beginning fund balance recorded in Treasurer’s Monthly Report to the December 31, 2018 fund balance documentation in the prior year audit working papers. We found no exception. We also agreed the January 1, 2020 beginning fund balance recorded in the Treasurer’s Monthly Report to the December 31, 2019 fund balance recorded in the Treasurer’s Monthly Report. We noted a variance of \$193.
3. We compared the totals per the bank reconciliation to the total of the December 31, 2020 cash balance reported in the Treasurer’s Monthly Report and the financial statement filed by the District in Hinkle System. For the 2019 financial statement, the December 31, 2019 balance filed in the Hinkle System varied by \$3,298 from the Treasurer’s Monthly Report due to errors. These errors were corrected by District. For the 2020 financial statement, the December 31, 2020 balance filed in the Hinkle System varied by \$32,222 from the Treasurer’s Monthly Report due to errors. These errors were corrected by District.

Cash (Continued)

4. We confirmed the December 31, 2020 bank account balance with the District's financial institution. We noted the Treasurer's Monthly report showed certificate of deposit amount of \$148,761 and the bank confirmation showed \$149,316 for a variance of \$555.
5. We selected five reconciling debits (such as outstanding checks) from the December 31, 2020 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. There were no exceptions.

Charges for Services

1. We selected 10 water/sewer collection cash receipts from the year ended December 31, 2020 and 10 water/sewer collection cash receipts from the year ended 2019 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 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 Aging Report.
 - a. This report listed \$61,139 and \$64,140 of accounts receivable as of December 31, 2020 and 2019, respectively.
 - b. Of the total receivables reported in procedure 2a, \$7,611 and \$12,160 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 \$18,283 and \$30,055 non-cash receipts adjustments for the years ended December 31, 2020 and 2019, respectively.
 - b. Per conversation with Steve Eddy, District Manager, most adjustments were for errors in reading, pool fills or mistakes, that he is authorized to make. To write off an account that is uncollectable, he always takes it to the Board, however, the Muni-Link System was unable to provide a Detail Adjustment Report.

Debt

1. From the prior agreed-upon procedures documentation, we observed the following loans were outstanding as of December 31, 2018. These amounts agreed to the District's January 1, 2019 balances on the summary we used in procedure 3.

Debt (Continued)

Issue	Principal outstanding as of December 31, 2018:
USDA #91-01	\$1,201,300
OWDA #4865	\$117,206
OPWC #CR02B	\$22,649
OWDA #7391	\$548,301
OPWC #CR04T	\$1,378,086
Peoples Savings Bank #40	\$26,824

2. We inquired of management, and inspected the Detail Revenue Report and Check Register Report for evidence of debt issued during 2020 or 2019 or debt payment activity during 2020 or 2019. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of loan debt activity for 2020 and 2019 and agreed principal and interest payments from the related debt amortization schedule to Enterprise fund payments reported in the Check Register Report. We also compared the date the debt service payments were due to the date the District made the payments. We found no exceptions.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2020 and one payroll check for five employees from 2019 from the Check Register Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Tracking Worksheet to supporting documentation (timecard, legislatively or statutorily-approved rate or salary).
 - i. We inspected the employees' personnel files for the Retirement system, Federal, State & Local income tax withholding authorization.
 - ii. We agreed these items to the information used to compute gross and net pay related to this check.
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. 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. We found no exceptions.
 - d. We 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, 2020 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 2020. We observed the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal Tax & Medicare	January 31, 2021	January 4, 2021	\$856	\$856
State Tax	January 15, 2021	January 5, 2021	\$206	\$206
OPERS retirement	January 30, 2021	January 5, 2021	\$2,323	\$2,323

Non-Payroll Cash Disbursements

1. We selected 10 disbursements from the Check Register Report for the year ended December 31, 2020 and 10 from the year ended 2019 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 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, 2020 and 2019. Expenditures did not exceed appropriations in 2020. Total Expenditures for 2019 were \$516,470 and Total Appropriations for 2019 were \$500,954. As a result, expenditures for 2019 exceeded total appropriations by \$15,516, contrary to Ohio Rev. Code §§ 5705.28(B) and 5705.41(B). The Clerk should not certify the availability of funds and should deny payment requests exceeding appropriations. The Clerk may request the Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary, and if resources are available.
2. We inspected the Statement of Receipts, Disbursements and Changes in Cash Balance – Cash Basis Report for the years ended December 31, 2020 and 2019 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 fund having negative cash fund balance.

Sunshine Law Compliance

1. We inquired with District management and determined that the District does not have a Public Records Policy for responding to public records request during the engagement period as required by Ohio Rev. Code § 149.43(E)(2).
2. We inquired with District management and determined that the District did not have any completed public records requests during the engagement period.
3. We inquired with District management and determined that the District did not have any denied public records requests during the engagement period.
4. We inquired with District management and determined that the District did not have any public records requests with redactions during the engagement period.
5. We inquired with District management and determined that the District did not have a Records Retention Policy 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).

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 could not provide it to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2).
7. We inquired with District management and determined that the District did not have a policy manual during the engagement period therefore the public records policy could not be included.
8. 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 conspicuously in all the branches of the District as required by Ohio Rev. Code § 149.43(E)(2).
9. 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.
10. 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.
11. 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 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 executive session in 2020 and one in 2019 for which the description recorded was “customer request to discuss delinquent account.” This purpose correlates to the allowable purposes as determined by Ohio Rev. Code § 121.22(G).

Other Compliance

1. 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, 2020 and 2019 in the Hinkle system. There were no exceptions.

Other Compliance (Continued)

2. For all credit card accounts we obtained a list of all credit card account transactions. However, the District did not have a Credit Card Policy.
 - a. The District did not have a Credit Card Policy and therefore was not in compliance with the HB 312 statutory requirements.
 - b. We selected 1 credit card transaction from each credit card account 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 exception in that we could not determine use was by an authorized user since the District did not have a Credit Card Policy.
 - c. We selected all credit card statements from each credit card account for testing. For selected statements we inspected documentation to determine that:
 - i. No unpaid beginning balance was carried forward to the current billing cycle,
 - ii. Ending statement balance was paid in full, and
 - iii. Statement contained no interest or late fees.We found that from February thru May, 2020, payments included \$103 for interest and fees.
 - d. We selected all credit card statements from each credit card account for testing and determined there were no cash withdraws made.

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

January 3, 2022

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 1/25/2022

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This report is a matter of public record and is available online at
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