

JEFFERSON REGIONAL WATER AUTHORITY

MONTGOMERY COUNTY, OHIO

AGREED UPON PROCEDURES

For the Years Ended December 31, 2012 and 2011





Dave Yost • Auditor of State

Jefferson Regional Water Authority
P.O. Box 369
Miamisburg, Ohio 45342

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Jefferson Regional Water Authority, Montgomery County, prepared by Charles E. Harris & Associates, Inc., for the period January 1, 2011 through December 31, 2012. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Jefferson Regional Water Authority is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

April 23, 2013

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**JEFFERSON REGIONAL WATER AUTHORITY
MONTGOMERY COUNTY
Audit Report
For the Years Ended December 31, 2012 and 2011**

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Independent Accountants' Report on Applying Agreed-Upon Procedures	1

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Jefferson Regional Water Authority
Montgomery County
P.O. Box 369
Miamisburg, Ohio 45342

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Jefferson Regional Water Authority, Montgomery County (the District) and the Auditor of State agreed, solely to assist the Board in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2012 and 2011, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management and the Board are responsible for complying with the compliance requirements. 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*. 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 tested the mathematical accuracy of the December 31, 2012 and December 31, 2011 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2011 beginning fund balances recorded in the General Ledger Account Summary Report to the December 31, 2010 balances in the prior year audited statements. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2012 and 2011 cash balances reported in the General Ledger Account Summary Report. The amounts agreed.
4. We confirmed the December 31, 2012 bank account balances with the District's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2012 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2012 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. We noted no exceptions.

6. We selected five reconciling credits (such as deposits in transit) haphazardly from the December 31, 2012 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 Receipts Register. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.
7. We tested interbank account transfers occurring in December of 2012 and 2011 to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions.

Charges for Services

1. We haphazardly selected 10 water collection cash receipts from the year ended December 31, 2012 and 10 water collection cash receipts from the year ended 2011 recorded in the Receipt Register Report and determined whether the:
 - a. Receipt amount per the Receipt Register Report agreed to the amount recorded to the credit of the customer's account in the Bill Pay History Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Bill Pay 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 posted to the proper fund, and was recorded in the year received. We found no exceptions.
2. We read the Delinquent/Shut-Off Journal.
 - a. We noted this report listed \$92,461 and \$100,114 of accounts receivable as of December 31, 2012 and 2011, respectively.
 - b. Of the total receivables reported in step 2a, \$44,208 and \$56,824 were recorded as more than 90 days delinquent as of December 31, 2012 and 2011, respectively.
3. We read the Billing Adjustment Report.
 - a. We noted this report listed a total of \$256,661 and \$78,146 non-cash receipts adjustments for the years ended December 31, 2012 and 2011, respectively.
 - b. We selected five non-cash adjustments from 2012 and five non-cash adjustments from 2011, and noted that the Board of Trustees and Office Manager approved each adjustment.

Debt

1. From the prior audit report, we noted the following loans outstanding as of December 31, 2010. These amounts agreed to the District's January 1, 2011 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2010:
FMHA LOAN – 1982	\$ 1,175,000
OWDA LOAN – 4026	\$ 201,271
OWDA LOAN – 1637	\$ 274,069
OPWC LOAN - CD07F	\$ 185,108

2. We inquired of management, and scanned the Receipt Ledger Report and Cash Disbursements Report for evidence of debt issued during 2012 or 2011 or debt payment activity during 2012 or 2011. All debt noted agreed to the summary we used in step 3. We noted no new debt issuances.
3. We obtained a summary of loan activity for 2012 and 2011 and agreed principal and interest payments from the related debt amortization schedules to debt service fund payments reported in the General Ledger 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 haphazardly selected one payroll check for five employees from 2012 and one payroll check for five employees from 2011 from the Payroll Register Report and:
 - a. We compared the hours and pay rate, or salary amount recorded in the Payroll Ledger Report supporting documentation (timecard, or legislatively approved rate or salary). We found no exceptions.
 - b. We determined whether the account codes to which the check was posted were reasonable based on the employees' duties as documented in the Check Stub. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. We scanned the 4th quarter remittance of tax and retirement withholdings for the year ended December 31, 2012 to determine whether 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 2012. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal Income Taxes & Medicare	January 31, 2013	January 3, 2013	\$ 5,709.62	\$ 5,709.62
State income	January 15, 2013	January 3, 2013	\$ 267.78	\$ 267.78
Local Income Tax	January 31, 2013	January 3, 2013	\$ 1,076.38	\$ 1,076.38
School District	January 31, 2013	January 3, 2013	\$ 120.17	\$ 120.17
OPERS retirement	January 30, 2013	January 13, 2013	\$ 5,614.62	\$ 5,614.62

3. We haphazardly selected and recomputed one termination payment (unused vacation, etc.) using the following information, and agreed the computation to the amount paid as recorded in the Payroll Ledger Report:
 - a. Accumulated leave records
 - b. The employee's pay rate in effect as of the termination date
 - c. The District's payout policy.

The amount paid was consistent with the information recorded in a. through c. above.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Cash Disbursements Report for the year ended December 31, 2012 and ten from the year ended December 31, 2011 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 Disbursements 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. We compared the total amount of estimated receipts and beginning unencumbered cash balances required by Ohio Rev. Code Sections 5705.28(B)(2) and 5705.36(A)(1) to the amounts recorded in the Monthly Financial Report for the years ended December 31, 2012 and 2011. The amounts agreed.
2. We scanned the appropriation measures adopted for 2012 and 2011 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), 5705.38 and 5705.40, to the amounts recorded in the General Ledger Report for 2012 and 2011. The amounts on the appropriation resolutions agreed to the amounts recorded in the General Ledger Report.
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, 2012 and 2011. 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, 2012 and 2011, as recorded in the General Ledger Report. Expenditures did not exceed appropriations.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the District's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, those charged with governance, the Auditor of State, and others within the District, and is not intended to be, and should not be used by anyone other than these specified parties.

Charles E. Harris

Charles E. Harris & Associates, Inc.

March 26, 2013

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Dave Yost • Auditor of State

JEFFERSON REGIONAL WATER AUTHORITY

MONTGOMERY 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 9, 2013**