

JEFFERSON REGIONAL WATER AUTHORITY

MONTGOMERY COUNTY

JANUARY 1, 2009 TO DECEMBER 31, 2010

AGREED UPON PROCEDURES



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, 2009 through December 31, 2010. Based upon this review, we have accepted these reports 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

August 26, 2011

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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 (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, 2010 and 2009, 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, 2010 and December 31, 2009 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2009 beginning fund balances recorded in the General Ledger Account Summary Report to the December 31, 2008 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, 2010 and 2009 cash balances reported in the General Ledger Account Summary Reports. The amounts agreed.
4. We confirmed the December 31, 2010 bank account balance(s) with the District's financial institutions. We found no exceptions.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2010 bank reconciliation:
 - a. We traced each debit to the subsequent January and February bank statements. We found no exceptions.
 - b. We traced the amounts and dates written to the check register, to determine the debits were dated prior to December 31. We noted no exceptions.
6. We selected two reconciling credits (such as deposits in transit) haphazardly from the December 31, 2010 and one reconciling credit haphazardly from the December 31, 2009 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 2010 and 2009 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, 2010 and 10 water collection cash receipts from the year ended 2009 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 \$79,282 and \$76,014 of accounts receivable as of December 31, 2010 and 2009, respectively.
 - b. Of the total receivables reported in step 2a, \$27,843 and \$30,721 were recorded as more than 90 days delinquent as of December 31, 2010 and 2009, respectively.
3. We read the Billing Adjustment Report.
 - a. We noted this report listed a total of \$23,336 and \$22,747 non-cash receipts adjustments for the years ended December 31, 2010 and 2009, respectively.
 - b. We selected five non-cash adjustments from 2010 and five non-cash adjustments from 2009, and noted that the Board of Trustees & Office Manager approved each adjustment.

Debt

1. From the prior audit report, we noted the following loans outstanding as of December 31, 2008. These amounts agreed to the District's January 1, 2009 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2008:
FMHA LOAN – 1982	\$ 1,310,000
OWDA LOAN – 4026	\$ 214,099
OWDA LOAN – 1637	\$ 349,743
OPWC LOAN - CD07F	\$ 203,618

2. We inquired of management, and scanned the Receipt Ledger Report and Cash Disbursements Report for evidence of debt issued during 2010 or 2009 or debt payment activity during 2010 or 2009. 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 2010 and 2009 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 2010 and one payroll check for five employees from 2009 from the Payroll Register Report and:
 - a. We compared the hours and pay rate, or salary amount recorded in the General 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 3rd quarter remittance of tax and retirement withholdings for the year ended December 31, 2010 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 2010. We noted the following:

Withholding plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	October 15, 2010	October 14, 2010	\$1,615.59	\$1,615.59
State income taxes	November 15, 2010	November 12, 2010	\$491.53	\$491.53
Local income tax	November 15, 2010	November 5, 2010	\$373.80	\$373.80
School District	November 15, 2010	November 5, 2010	\$28.65	\$28.65
OPERS retirement	November, 1 2010	October 26, 2010	\$ 3,612.31	\$ 3,612.31

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 Employee Detail Adjustment 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, 2010 and ten from the year ended 2009 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 Payment Register Detail 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 amounts from the *Amended Official Certificate of Estimated Resources* required by Ohio Rev. Code Section 5705.28(B)(2) to the amounts recorded in the Monthly Financial report for the years ended December 31, 2010 and 2009. The amounts agreed.
2. We scanned the appropriation measures adopted for 2010 and 2009 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 Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the General Ledger Report for 2010 and 2009. 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 revenues for the years ended December 31, 2010 and 2009. Appropriations did not exceed estimated revenues.
5. Ohio Rev. Code Section 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, 2010 and 2009, as recorded in the General Ledger Report. Expenditures did not exceed appropriations for 2009. We noted for 2010 Expenditures exceeded the Appropriations by \$13,751, contrary to Ohio Rev. Code Section 5705.28(B)(2). The Accountant should not certify the availability of funds and should deny payment requests exceeding appropriations. The Accountant may request the Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary, and if resources are available.

Compliance – Contracts & Expenditures

1. We inquired of management and scanned the Cash Disbursements Report for the years ended December 31, 2010 and 2009 for expenditures, other than for the acquisition of real estate and interests in real estate, the discharge of noncontractual claims, personal services, the joint use of facilities or the exercise of powers with other political subdivisions, or the product or services of public utilities, which exceeded twenty-five thousand dollars (Ohio Rev. Code Section 6119.10).

We identified no purchases subject to the aforementioned bidding requirements.

Officials' Response:

Expenditures exceeding appropriations: A check was dated January 1, 2011. Accountant told the Water Authority to hold the check till year end but the Water Authority mailed the check prior to year end and OWDA processed it and cashed it on December 31st, 2010. This was a debt payment.

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 & Associates, Inc.
June 30, 2011

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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
SEPTEMBER 8, 2011**