



Dave Yost • Auditor of State

**MONROE WATER SYSTEMS
MONROE COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Trustees
Monroe Water Systems
Monroe County
P.O. Box 15
43022 Six Point Road
Laings, Ohio 43752

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Monroe Water Systems, Monroe County, Ohio (the Water Systems), 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, 2011 and 2010, 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, 2011 and December 31, 2010 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2010 beginning balance recorded in the Ledger Analysis Report to the December 31, 2009 balance in the prior audited statements. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2011 and 2010 cash balances reported in the Ledger Analysis Report. The amounts agreed.
4. We confirmed the December 31, 2011 bank account balances with the Water Systems' financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2011 bank reconciliation without exception.
5. We selected five outstanding checks haphazardly from the December 31, 2011 bank reconciliation:
 - a. We traced two of the outstanding checks to the subsequent January bank statement. We found no exceptions. Three of the outstanding checks selected remained outstanding at February 29, 2012.

Cash (Continued)

- b. We traced the amounts and dates written to the Bank Reconciliation Report, to determine the outstanding checks were dated prior to December 31. We noted no exceptions.
6. We selected the deposit in transit from the December 31, 2011 bank reconciliation:
 - a. We traced the deposit in transit to the subsequent January bank statement. We found no exceptions.
 - b. We agreed the deposit in transit to the General Ledger and Bank Reconciliation Report. The deposit in transit was recorded as a December receipt for the same amount recorded in the reconciliation.

Charges for Services

1. We haphazardly selected 10 water collection cash receipts from the year ended December 31, 2011 and 10 water collection cash receipts from the year ended 2010 recorded in the Transaction Posting Register and determined whether the:
 - a. Receipt amount per the Transaction Posting Register agreed to the amount recorded to the credit of the customer's account in the Billing Register. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Billing Register for the billing period. We found no exceptions.
 - ii. Complied with rates in force during the audit period based on the consumption. We found no exceptions.
 - c. Receipt was posted to the proper account, and was recorded in the year received. We found no exceptions.
2. We read the Aging Report.
 - a. We noted this report listed \$88,306 and \$85,162 of accounts receivable as of December 31, 2011 and 2010, respectively.
 - b. Of the total receivables reported in step 2a, \$3,156 and \$2,925 were recorded as more than 90 days delinquent as of December 31, 2011 and 2010, respectively.
3. We read the Customer Activity Report.
 - a. We noted this report listed a total of \$14,262 and \$20,796 non-cash receipts adjustments for the years ended December 31, 2011 and 2010, respectively.
 - b. We selected five non-cash adjustments from 2011 and five non-cash adjustments from 2010, and noted that the Business Manager approved each adjustment.

Debt

1. From the prior audit documentation, we noted the following bonds and loans outstanding as of December 31, 2009. These amounts agreed to the Water Systems' January 1, 2010 balances on the summary we used in step 3.

Debt (Continued)

Issue	Principal outstanding as of December 31, 2009:
OWDA Loan – 1754	\$114,127
OWDA Loan – 1756	264,085
OWDA Loan – 1758	156,282
OWDA Loan – 2808	262,608
OWDA Loan – 2809	874,500
OWDA Loan – 2810	46,224
OWDA Loan – 4501	1,362,006
OPWC – CR718	4,378
Water Revenue Bonds	30,675

2. We inquired of management, and scanned the General Ledger for evidence of debt issued during 2011 or 2010 or debt payment activity during 2011 and 2010. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of bond and loan debt activity for 2011 and 2010 and agreed principal and interest payments from the related debt amortization schedules to debt service payments reported in the General Ledger. We also compared the date the debt service payments were due to the date the Water Systems made the payments. We found no exceptions.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2011 and one payroll check for five employees from 2010 from the Payroll Register and:
 - a. We compared the hours and pay rate, or salary amount recorded in the Payroll Register to supporting documentation (timecard, minutes, and ordinances). We found no exceptions.
 - b. We determined whether the account code to which the check was posted was reasonable based on the employees' duties as documented in the employee's personnel file and minute record. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2011 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 2011. We noted the following:

Withholding plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	1/31/12	1/10/12	\$4,938.50	\$4,938.50
State income taxes	1/15/12	1/10/12	\$940.15	\$940.15
OPERS retirement	1/30/12	1/11/12	\$5,117.73	\$5,117.73

Non-Payroll Cash Disbursements

We haphazardly selected ten disbursements from the General Ledger for the year ended December 31, 2011 and ten from the year ended 2010 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 General Ledger and to the names and amounts on the supporting invoices. We found no exceptions.

Compliance – Budgetary

1. We compared the Water Systems' Board of Trustees approved operating budget, which included an estimate of receipts from all sources (estimated revenue), as required by Ohio Rev. Code Sections 5705.28(B)(2) and 5705.36(A)(1), to the amounts recorded in the Monthly Budget Reports for the years ended December 31, 2011 and 2010. The amounts agreed.
2. We scanned the appropriation measures adopted for 2011 and 2010 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 Monthly Budget Reports for 2011 and 2010. The amounts on the appropriation resolutions agreed to the amounts recorded in the Monthly Budget Reports.
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, 2011 and 2010. 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, 2011 and 2010, as recorded in the Monthly Budget Reports. Expenditures did not exceed appropriations.

Compliance – Contracts & Expenditures

We inquired of management and scanned the General Ledger for the years ended December 31, 2011 and 2010 for expenditures, other than for the acquisition of real estate and interests in real estate, the discharge of non-contractual 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.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Water Systems' 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, and others within the Water Systems, and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

April 9, 2012

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MONROE WATER SYSTEMS

MONROE 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
APRIL 26, 2012