



Mary Taylor, CPA
Auditor of State

**SWITZERLAND OF OHIO WATER DISTRICT
MONROE COUNTY**

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Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Switzerland of Ohio Water District
Monroe County
51746 Main Street
Jerusalem, Ohio 43747

We have performed the procedures enumerated below, with which the Board of Trustees and the management of the Switzerland of Ohio Water District, Monroe County, Ohio (the District), 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, 2009 and 2008, 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, 2009 and December 31, 2008 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2008 beginning balance recorded in the Cash Journal to the December 31, 2007 balance 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, 2009 and 2008 cash balances reported in the Cash Journal. The amounts agreed.
4. We confirmed the December 31, 2009 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, 2009 bank reconciliation without exception.
5. We tested all outstanding checks from the December 31, 2009 bank reconciliation:
 - a. We traced each check to the debit appearing in the subsequent January and February bank statements. We found no exceptions.
 - b. We traced the amounts and date written to the check register, to determine the checks were dated prior to December 31. We noted no exceptions.

Charges for Services

1. We haphazardly selected 10 water collection cash receipts from the year ended December 31, 2009 and 10 water collection cash receipts from the year ended 2008 recorded in the Daily Cash Receipts Report and determined whether the:
 - a. Receipt amount per the Daily Cash Receipts Reports agreed to the amount recorded to the credit of the customer's account in the Billed Water Usage Report. The amounts agreed.
 - b. Amount charged for the related billing period complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing period. We found no exceptions.
 - c. Amount charged was posted as a receivable in Billed Water Usage Report for the billing period. We found no exceptions.
 - d. Receipt was posted to the proper account, and was recorded in the proper year. We found no exceptions.
2. We read the Billed Water Usage Report.
 - a. We noted this report listed \$42,965 and \$40,279 of accounts receivable as of December 31, 2009 and 2008, respectively.
 - b. Of the total receivables reported in step 2a, \$3,128 and \$3,491 were recorded as more than 60 days delinquent as of December 31, 2009 and 2008, respectively.
3. We noted the District did not have a Non-Cash Accounts Receivable Adjustment Report. We recommend the District maintain an adjustment log indicating the customer name, account number, type of adjustment, date of adjustment, and the amount. The adjustment log should be reviewed periodically by the Board of Trustees and approval should be documented within the board minutes.

Intergovernmental and Other Confirmable Cash Receipts

1. We confirmed the amounts paid by Ohio Public Works Commission to the District during 2009 and 2008 and noted the receipts were recorded in the proper year. We found no exceptions.

Debt

1. We inquired of management, and scanned the Receipt Ledger and Expenditure Ledger for evidence of bonded or note debt issued during 2009 or 2008 or outstanding as of December 31, 2009 or 2008, we noted a new loan through the Ohio Public Works Commission (OPWC) in 2008. The debt noted agreed to the summary we used in step 2. The proceeds on the OPWC loan were not received until 2009.
2. We obtained a summary of debt activity for 2009 and 2008 and agreed principal and interest payments from the related debt amortization schedule to debt payments reported in the Expenditure Ledger. We also compared the date the debt service payments were due to the date the District made the payments. We found no exceptions.
3. We agreed the amount of debt proceeds from the debt documents to amounts recorded per the Receipt Ledger. The amounts agreed.
4. For new debt issued during 2009, we inspected the loan documentation, noting the District must use the proceeds to upgrade the District's booster station. We scanned the Expenditure Ledger and noted the District upgraded the booster station during 2009.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2009 and one payroll check for five employees from 2008 from the Expenditure Ledger and determined whether the following information in the employees' personnel file was consistent with the information used to compute gross and net pay related to this check:
 - a. Name
 - b. Authorized salary or pay rate
 - c. Account to which the check should be charged.
 - d. Retirement system participation and payroll withholding.
 - e. Federal, State & Local income tax withholding authorization and withholding.
 - f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to steps a. – f. above.

2. We tested the checks we selected in step 1, as follows:
 - a. We compared the hours and pay rate, or salary amount used in computing gross pay to supporting documentation (timesheet, minute record, and/ or ordinance). 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 employees' personnel file and minute record. We also determined whether the payment was posted to the proper year. We found no exceptions.
3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2009 to determine whether remittances were timely paid and whether the amounts paid agreed to the amounts withheld during the final withholding period during 2009. We noted the following:

Withholding	Date Due	Check #	Date Paid	Amount Paid
Federal income taxes	1/31/10	11290	12/28/09	\$1,195.96
State income taxes	1/15/10	11291	12/28/09	\$300.65
OPERS retirement (withholding plus employer share)	1/30/10	11292	12/28/09	\$2,604.70

Non-Payroll Cash Disbursements

1. For the Expenditure Ledger, we refooted checks recorded as salary disbursements and miscellaneous expenditures for 2009. We found no exceptions.
2. We agreed total disbursements (non-payroll and payroll) from the Cash Journal and Expenditure Ledger for the years ended December 31, 2009 and 2008 to the total disbursements recorded in the check register. We found no exceptions.

Non-Payroll Cash Disbursements (Continued)

3. We haphazardly selected ten disbursements from the Expenditure Ledger for the year ended December 31, 2009 and ten from the year ended 2008 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 Expenditure Ledger and to the names and amounts on the supporting invoices. We found no exceptions.

Compliance – Budgetary

1. Even though estimated receipts were not recorded in the Receipts Ledger, a monthly *Statement of Budget, Income and Equity* was prepared by the Fiscal Officer which listed estimated receipts, as approved by the Trustees, actual receipts, and an over/under budget column. We compared actual receipts from the year-to-date *Statement of Budget, Income and Equity*, submitted to the United States Department of Agriculture, which includes estimated receipts as required by Ohio Rev. Code Sections 5705.28(B)(2) and 5705.36(A)(1), to the actual receipts recorded in the Receipts Ledger for the years ended December 31, 2009 and 2008. The amounts agreed. This statement was utilized by the Trustees for budgeting and monitoring purposes.
2. We scanned the appropriation measures adopted for 2009 and 2008 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. Even though appropriations were not recorded in the Expenditure Ledger, a monthly *Statement of Budget, Income and Equity* was prepared by the Fiscal Officer which listed appropriations, as approved by the Trustees, actual expenditures, and an over/under budget column. We compared actual expenditures from the year-to-date *Statement of Budget, Income and Equity*, submitted to the United States Department of Agriculture, which includes appropriations as required by Ohio Rev. Code Sections 5705.28(B)(2) and 5705.40, to actual expenditures recorded in the Expenditure Ledger for the years ended December 31, 2009 and 2008. The amounts agreed. This statement was utilized by the Trustees for budgeting and monitoring purposes.
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, 2009 and 2008. Appropriations did not exceed estimated revenue.
5. Ohio Rev. Code Sections 5705.28(B)(2) and 5705.41(B) prohibit expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2009 and 2008 as recorded in the *Statement of Budget, Income and Equity*. Expenditures did not exceed appropriations.

Compliance – Contracts & Expenditures

1. We inquired of management and scanned the Expenditure Ledger for the years ended December 31, 2009 and 2008 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).

Compliance – Contracts & Expenditures (Continued)

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 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 and those charged with governance 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 "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

September 30, 2010

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Mary Taylor, CPA
Auditor of State

SWITZERLAND OF OHIO WATER DISTRICT

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
NOVEMBER 4, 2010**