



Dave Yost • Auditor of State

**SWITZERLAND OF OHIO WATER DISTRICT
MONROE COUNTY**

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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, 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 Cash Journal to the December 31, 2009 balance in the prior year documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2011 and 2010 cash balance reported in the Cash Journal. The amounts agreed.
4. We confirmed the December 31, 2011 bank account balances with the District's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2011 bank reconciliations without exception.
5. We selected five outstanding checks haphazardly from the December 31, 2011 bank reconciliation:
 - a. We traced each check to the subsequent January bank statement. We found no exceptions.
 - b. We traced the amounts and dates to the Disbursement Ledger, to determine the checks were dated prior to December 31. We noted no exceptions.

Cash (Continued)

6. We tested interbank account transfers occurring in December of 2011 and 2010 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, 2011 and 10 water collection cash receipts from the year ended 2010 recorded in the Daily Cash Receipts Reports 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:
 - i. Agreed with the debit to accounts receivable in the Billed Water Usage 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 recorded in the year received. We found no exceptions.
2. We read the Billed Water Usage Report.
 - a. We noted this report listed \$54,291 and \$41,044 of accounts receivable as of December 31, 2011 and 2010, respectively.
 - b. Of the total receivables reported in step 2a, \$5,731 and \$4,319 were recorded as more than 60 days delinquent as of December 31, 2011 and 2010, respectively.
3. We read the Credit/Debit Edit Lists.
 - a. We noted this report listed a total of \$1,344 non-cash receipts adjustments for the year ended December 31, 2011. There was no Credit/Debit Edit Lists available for 2010 due to the District being notified by the Auditor of State regarding this requirement in their 2009-2008 Agreed-Upon Procedures Report, which was released in November 2010.
 - b. For the 2011 Credit/Debit Edit Lists, we noted the Board of Trustees did not approve any adjustments. We recommend that the Credit/Debit Edit Lists be reviewed periodically by the Board of Trustees and approval should be documented within the Board minutes for all non-cash adjustments.

Debt

1. From the prior agreed-upon procedures documentation, we noted the following loans outstanding as of December 31, 2009. These amounts agreed to the Districts January 1, 2010 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2009:
Ohio Public Works Commission (OPWC) Loan	\$55,417
United States Department of Agriculture (USDA) Loan #1	\$40,000
United States Department of Agriculture (USDA) Loan #2	\$343,100

Debt (Continued)

2. We inquired of management, and scanned the Receipt Ledger and Disbursement Ledger for evidence of debt issued during 2011 or 2010 or debt payment activity during 2011 or 2010. We noted no new debt issuances. All debt payment activity agreed to the summary we used in step 3.
3. We obtained a summary of 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 Disbursement Ledger. 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 2011 and one payroll check for five employees from 2010 from the Disbursement Ledger and:
 - a. We compared the hours and pay rate, or salary amount to supporting documentation (timecard, minute record, and/or ordinance). We found no exceptions.
 - b. We recomputed gross and net pay and agreed it to the amount recorded in the Disbursement Ledger. We found no exceptions.
 - c. 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.
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	12/23/11	\$1,387.88	\$1,387.88
State income taxes	1/15/12	12/23/11	\$332.05	\$322.05
OPERS retirement	1/30/12	12/23/11	\$2,777.92	\$2,777.92

Non-Payroll Cash Disbursements

1. From the Disbursement Ledger, we re-footed checks recorded as *salary* disbursements, and checks recorded as *miscellaneous expenditures* for 2011. We found no exceptions.
2. We haphazardly selected ten disbursements from the Disbursement 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 Disbursement Ledger 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 Office Manager 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, 2011 and 2010. The amounts agreed. This statement was utilized by the Trustees for budgeting and monitoring purposes.
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. Even though appropriations were not recorded in the Disbursement Ledger, a monthly *Statement of Budget, Income and Equity* was prepared by the Office Manager 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), 5705.38, and 5705.40, to actual expenditures recorded in the Disbursement Ledger for the years ended December 31, 2011 and 2010. 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, 2011 and 2010. 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, 2011 and 2010 as recorded in the *Statement of Budget, Income and Equity*. Expenditures did not exceed appropriations.

Compliance – Contracts & Expenditures

We inquired of management and scanned the Disbursement 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 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 – We did not receive a response from Officials to the exception reported above.

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 and others within the District, 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, flowing style.

Dave Yost
Auditor of State

March 28, 2012

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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
APRIL 12, 2012**