

Eastern Ohio Regional Wastewater Authority
Belmont County, Ohio

Agreed Upon Procedures

For the Fiscal Years Ended
December 31, 2012 and 2011



Dave Yost • Auditor of State

Board of Trustees
Eastern Ohio Regional Wastewater Authority
P.O. Box 508
Bridgeport, Ohio 43912

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Eastern Ohio Regional Wastewater Authority, Belmont County, prepared by Rea & 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 Eastern Ohio Regional Wastewater 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

October 28, 2013

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Eastern Ohio Regional Wastewater Authority
Belmont County
P.O. Box 508
Bridgeport, Ohio 43912

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, with which the Board of Trustees and the management of the Eastern Ohio Regional Wastewater Authority (the Authority) 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 and Investments

1. We tested the mathematical accuracy of the December 31, 2012 and December 31, 2011 bank reconciliations. We noted the Authority had hired a consultant to perform a reconstruction and assist with the reconciliation for both years. The Authority was able to reconcile for both 2011 and 2012 with the assistance of the consultant. We noted there were reconciling adjustments required for both 2011 and 2012. Reconciling adjustments totaled \$12,995 for 2011 and \$24,274 for 2012. All adjustments for 2011 have been posted to the accounting system, adjustments for 2012 have not yet been posted.
2. We were unable to agree the January 1, 2011 beginning balances to the December 31, 2010 balances in the prior year audited statements as the Authority was unable to provide a beginning trial balance amount for 2011. We were also unable to compare the January 1, 2012 beginning balance to the December 31, 2011 ending balance since the Authority was unable to provide trial balances with beginning balances.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2012 and 2011 cash balances reported in the Trial Balance.
4. We confirmed the December 31, 2012 and December 31, 2011 bank account balances with the Authority's financial institutions. We found no exceptions. We were unable to agree the confirmed balances to the amounts appearing in the December 31, 2012 and December 31, 2011 bank reconciliations. The Authority used the beginning bank balance for the general checking account to perform the December 31, 2012 bank reconciliation. We recommend the Authority use ending bank balances and perform traditional bank reconciliations.

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 haphazardly from the December 31, 2012 bank reconciliation:
 - a. We traced each credit to the supporting documentation for the correcting entries. We found no exceptions.
7. We tested investments held at December 31, 2012 and December 31, 2011 to determine that they were of a type authorized by Ohio Rev. Code Section 6119.16. We found no exceptions.

Charges for Services

1. We haphazardly selected six sewer collection cash receipts from the Cash Receipts Journal for the period of January 1, 2012 through May 31, 2012, and four sewer collection cash receipts from the U/B Receipts Posting for the period of June 1, 2012 through December 31, 2012. We haphazardly selected ten sewer collection cash receipts from the year ended December 31, 2011 recorded in the Cash Receipts Journal and determined whether the:
 - a. Receipt amount per the U/B Receipts Posting agreed to the amount recorded to the credit of the customer's account in the Billing Journal and receipt amount per the Cash Receipts Journal agreed to 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 plus any applicable late penalties and unpaid prior billings. We found no exceptions.
 - c. Receipt was posted to the proper accounts, and was recorded in the year received. We found no exceptions.
2. We read the U/B Aged Trial Balance Report for 2012 and the ISB Trial Balance Report for 2011.
 - a. We noted these reports listed \$184,072 and \$82,716 of accounts receivable as of December 31, 2012 and 2011, respectively.
 - b. Of the total receivables reported in step 2a, \$93,389 and \$17,607 were recorded as more than 90 days delinquent as of December 31, 2012 and 2011, respectively.
3. We read the U/B Adjustment Journal Report.
 - a. We noted this report listed a total of \$29,459 non-cash receipts adjustments for the period of June 1, 2012 through December 31, 2012. The Authority was not able to produce a report of non-cash adjustments for the period of January 1, 2011 through May 31, 2012, however credit slips were maintained for all non-cash receipt adjustments.
 - b. We selected five non-cash adjustments from 2012 and five non-cash adjustments from 2011, and noted that the Fiscal Officer approved each adjustment.

Debt

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

Issue	Principal outstanding as of December 31, 2010:
Water Resource Revenue Bonds	\$2,850,000

2. We inquired of management, and scanned the General Ledger for evidence of debt issued during 2012 or 2011 or debt payment activity during 2012 or 2011. All debt payment activity noted agreed to the summary used in step 3. We noted no new debt issuances during 2012 or 2011.
3. We obtained a summary of bonded debt activity for 2012 and 2011 and agreed principal and interest payments from the related debt amortization schedule to debt service payments reported in the General Ledger. We also compared the date the debt service payments were due to the date the Authority made the payments. We found no exceptions.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2012 Current Period Register and one payroll check for five employees from 2011 from the Payroll Summary and:
 - a. We compared the hours and pay rate, or salary amount recorded in the Current Period Register for 2012 and Payroll Summary for 2011 to supporting documentation (timecard, or legislatively approved rate or salary). We found no exceptions.
 - b. We recomputed gross and net pay and agreed it to the amount recorded in the Current Period Register for 2012 and Payroll Summary for 2011. We found no exceptions.
 - c. We determined whether the account code to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files. 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, 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 (and social security for employees not enrolled in pension system)	January 31, 2013	December 19, 2012	\$25,627	\$25,627
State income taxes	January 15, 2013	December 19, 2012	\$1,814	\$1,814
Local income tax	January 31, 2013	January 28, 2013	\$1,732	\$1,732
OPERS retirement	January 31, 2013	January 25, 2013	\$20,677	\$20,677

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 Current Period Register for 2012 and Payroll Summary for 2011:
 - a. Accumulated leave records
 - b. The employee's pay rate in effect as of the termination date
 - c. The Authority's payout policy.

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

Non-Payroll Cash Disbursements

1. From the Expense Audit Trail Report, we re-footed checks recorded as Operator Salaries, and checks recorded as Insurance Administration for 2012. We found no exceptions.
2. We haphazardly selected ten disbursements from the Expense Audit Trail Report for the year ended December 31, 2012 and ten from Check Register from the year ended 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 Expense Audit Trail Report for 2012 and the Check Register for 2011 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.
 - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found no exceptions.

Compliance – Budgetary

1. We compared the total estimated receipts from the Annual Operating Budget, required by Ohio Rev. Code Sections 5705.28(B)(2) and 5705.36(A)(1), to the amounts recorded in the accounting system for the years then ended December 31, 2012 and 2011. The amounts for 2012 agreed. The amounts for 2011 were not recorded in the accounting system. The fiscal officer should enter the estimated receipts approved by the Trustees in the annual operating budget into the Authority's accounting system. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.
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 Expense History Account Report for 2012. The amounts on the appropriation resolutions agreed to the amounts recorded in the Expense History Report. We compared the required appropriations for 2011 to the Budget Variance Report noting amounts did not agree. The fiscal officer should ensure appropriations entered into the accounting system agree with appropriations approved by the Board of Trustees.
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 Trial Balance and Annual Operating Budget. 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 Authority'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 Authority, and is not intended to be, and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.

New Philadelphia, Ohio

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Dave Yost • Auditor of State

EASTERN OHIO REGIONAL WASTEWATER AUTHORITY

BELMONT 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 7, 2013**