



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 Points 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, 2013 and 2012, 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, 2013 and December 31, 2012 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2012 beginning balance recorded in the Ledger Analysis Report to the December 31, 2011 balance in the prior year documentation in the prior year Agreed-UpOn Procedures working papers. We found no exceptions. We also agreed the January 1, 2013 beginning balance recorded in the Ledger Analysis Report to the December 31, 2012 balance in the Ledger Analysis Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2013 and 2012 cash balance reported in the Ledger Analysis Report. The amounts agreed.
4. We confirmed the December 31, 2013 bank account balances with the Water System's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2013 bank reconciliation without exception.
5. We selected all three outstanding checks from the December 31, 2013 bank reconciliation:

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Cash (Continued)

- a. We traced each outstanding check to the subsequent January bank statement. We found no exceptions.
- b. We traced the amounts and dates to the check register, to determine the outstanding 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, 2013 and 10 water collection cash receipts from the year ended 2012 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 \$36,093 and \$15,580 of accounts receivable as of December 31, 2013 and 2012, respectively.
 - b. Of the total receivables reported in step 2a, \$590 and \$2,305 were recorded as more than 90 days delinquent as of December 31, 2013 and 2012, respectively.
3. We read the Customer Activity Report.
 - a. We noted this report listed a total of \$16,666 and \$9,990 non-cash receipts adjustments for the years ended December 31, 2013 and 2012, respectively.
 - b. We selected five non-cash adjustments from 2013 and five non-cash adjustments from 2012, and noted that the Business Manager approved each adjustment.

Debt

1. From the prior agreed-upon procedures documentation, we noted the following bonds and loans outstanding as of December 31, 2011. These amounts agreed to the Water Systems' January 1, 2012 balances on the summary we used in step 3 except for the Water Revenue Bonds whose outstanding balance was \$10,225 instead of \$6,518 due to previous years' interest amount of \$3,707 being subtracted from the principal balance.

| Issue | Principal outstanding as of December 31, 2011: |
|---------------------|--|
| OWDA Loan – 1754 | \$68,063 |
| OWDA Loan – 1756 | 195,859 |
| OWDA Loan – 1758 | 115,705 |
| OWDA Loan – 2808 | 185,347 |
| OWDA Loan – 2809 | 693,402 |
| OWDA Loan – 2810 | 36,652 |
| OWDA Loan – 4501 | 1,287,683 |
| OPWC – CR718 | 2,432 |
| Water Revenue Bonds | 10,225 |

Debt (Continued)

2. We inquired of management, and scanned the General Ledger for evidence of debt issued during 2013 or 2012 or debt payment activity during 2013 or 2012. We noted no new debt issuances for 2013 or 2012. All debt payment activity noted agreed to summary used in step 3.
3. We obtained a summary of bonded and loan debt activity for 2013 and 2012 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 System made the payments. We found no exceptions.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2013 and one payroll check for five employees from 2012 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 and minutes). 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 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, 2013 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 2013. We noted the following:

| Withholding plus employer share, where applicable) | Date Due | Date Paid | Amount Due | Amount Paid |
|---|-----------------|------------------|-------------------|--------------------|
| Federal income taxes & Medicare | 1/31/14 | 1/7/14 | \$3,304.53 | \$3,304.53 |
| State income taxes | 1/15/14 | 1/14/14 | \$546.92 | \$546.92 |
| OPERS retirement | 1/30/14 | 1/7/14 | \$5,143.57 | \$5,143.57 |

Non-Payroll Cash Disbursements

We haphazardly selected ten disbursements from the General Ledger for the year ended December 31, 2013 and ten from the year ended 2012 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 § 5705.28(B)(2) and 5705.36(A)(1), to the amounts recorded in the Monthly Budget Report for the years ended December 31, 2013 and 2012. The amounts agreed.
2. We scanned the appropriation measures adopted for 2013 and 2012 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 § 5705.28(B)(2) and 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code §§ 5705.28(B)(2), 5705.38 and 5705.40, to the amounts recorded in the Monthly Budget Report for 2013 and 2012. The amounts on the appropriation resolutions agreed to the amounts recorded in the Monthly Budget Report.
4. Ohio Rev. Code § 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, 2013 and 2012. Appropriations did not exceed estimated revenue.
5. Ohio Rev. Code §§ 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, 2013 and 2012, as recorded in the Monthly Budget Report. 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 Water System'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 Water System, and is not intended to be, and should not be used by anyone other than these specified parties.



Dave Yost
Auditor of State

Columbus, Ohio

June 26, 2014



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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
JULY 24, 2014