



Dave Yost • Auditor of State

TRI-COUNTY RURAL WATER AND SEWER DISTRICT
WASHINGTON COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Tri-County Rural Water and Sewer District
Washington County
20 Anderson Lane
Waterford, Ohio 45786

We have performed the procedures enumerated below, with which the Board of Trustees and the management of the Tri-County Rural Water and Sewer District, Washington 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, 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 and Investments

1. We tested the mathematical accuracy of the December 31, 2013 and December 31, 2012 bank reconciliations. We found subtotals within the general ledger account column that did not foot; however, the total agreed to the Activity Report. No other exceptions noted.
2. We agreed the January 1, 2012 beginning balance recorded in the Activity Reports to the December 31, 2011 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2013 beginning fund balances recorded in the Activity Reports to the December 31, 2012 balances in the Activity Reports. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2013 and 2012 cash balances reported in the Activity Reports. The amounts agreed.
4. We confirmed the December 31, 2013 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, 2013 bank reconciliation without exception.

Cash and Investments (Continued)

5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2013 bank reconciliation:
 - a. We traced each debit to the subsequent January and bank statements. 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 tested investments held at December 31, 2013 and December 31, 2012 to determine that they were of a type authorized by Ohio Rev. Code § 6119.16. We found no exceptions.

Intergovernmental and Other Confirmable Cash Receipts

1. We selected the only receipt from the State Distribution Transaction Lists (DTL) from 2013 and all four from 2012.
 - a. We compared the amount from the above reports to the amount recorded in the Activity Reports. The amounts agreed.
 - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.
2. We confirmed the principal forgiveness amount from the Ohio Water Development Authority during 2012 with the Authority. We found no exceptions. We determined whether the receipts were recorded in the proper year. We found no exceptions.
3. We confirmed the oil and gas lease payment from Western Land Services, Inc. with the Corporation. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Charges for Services

1. We haphazardly selected 10 water/sewer collection cash receipts from the year ended December 31, 2013 and 10 water/sewer collection cash receipts from the year ended 2012 recorded in the Receipts Posting Journal and determined whether the:
 - a. Receipt amount per the Receipts Posting Journal agreed to the amount recorded to the credit of the customer's account in the Customer History Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Customer History 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 posted to the proper fund, and was recorded in the year received. We found no exceptions.
2. We read the Aged Trial Balance.
 - a. We noted this report listed \$120,783 and \$120,899 of accounts receivable as of December 31, 2013 and 2012, respectively.
 - b. Of the total receivables reported in step 2a, \$33,249 and \$42,121 were recorded as more than 90 days delinquent as of December 31, 2013 and 2012, respectively.

Charges for Services (Continued)

3. We read the Adjustment Journal.
 - a. We noted this report listed a total of \$18,663 and \$7,231 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 General Manager approved each adjustment.

Debt

1. From the prior audit documentation, we noted the following notes and loans outstanding as of December 31, 2011. These amounts agreed to the Districts January 1, 2012 balances on the summary we used in step 3.

OWDA Notes	Principal Outstanding as of December 31, 2011
1995 Note, due 2021; 6.72% interest	\$2,956,904
1995 Note, due 2022; 6.51% interest	\$159,199
1997 Note, due 2022; 6.12% interest	\$52,923
1997 Note, due 2023; 6.11% interest	\$19,297
1998 Note, due 2023; 5.73% interest	\$7,256
1999 Note, due 2026; 2.00% interest	\$53,480
1999 Note, due 2024; 5.56% interest	\$153,475
2000 Note, due 2021; 2.00% interest	\$119,984
2003 Note, due 2035; 1.50% interest	\$75,655
2010 Note, due 2040; 0% interest	\$45,710
2011 Note, due 2016; 0% interest	\$51,377

OPWC Loans	Principal Outstanding as of December 31, 2011
Round 3 - CR314	\$52,903
Round 5 - CR530	\$96,900
Round 7 - CR729	\$127,585
Round 9 - CR935	\$169,594
CR 14C	\$190,094
CR 20G	\$205,282
CRN 17N	\$679,794

2. We inquired of management, and scanned the Activity Reports for evidence of debt issued during 2013 or 2012 or debt payment activity during 2013 or 2012. All debt noted agreed to the summary we used in step 1.
3. We obtained a summary of note and loan debt activity for 2013 and 2012 and agreed principal and interest payments from the related debt amortization schedule(s) to debt service payments reported in the Activity Reports. We also compared the date the debt service payments were due to the date the District made the payments. We found no exceptions.

Debt (Continued)

4. Per review of the Activity Report, we noted the District does not post debt proceeds to their books. Auditor of State Bulletin 88-08 provides that the fiscal officer of the local government is accountable for maintaining proper records for the grant, loan, and project, at the local government level even if the Ohio Water Development Authority (OWDA) acts as fiscal agent. The District's accounting records should reflect the OWDA loan proceeds as receipts and the payments made by OWDA to contractors as disbursements.
5. For new debt issued during 2013 and 2012, we inspected the debt legislation, noting the District must use the proceeds for waterline extensions. We scanned the Activity Report and noted the District does not post project payments to their books. The amount of debt proceeds not fully spent for the Palmer Waterline Extension Project as of December 31, 2013 was \$290,967.

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 Edit Register Detail Report and:
 - a. We compared the hours and pay rate, or salary amount recorded in the Edit Register Detail Report to supporting documentation (timecard, or legislatively approved rate or salary). We found no exceptions.
 - b. We determined whether the account code(s) 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. For any new employees selected in step 1 we determined whether the following information in the employees' personnel files 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. Accounts 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.

3. 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 and Medicare	01/31/14	01/06/14	\$ 1,030	\$ 1,030
State Income Taxes	01/15/14	01/10/14	\$ 240	\$ 240
OPERS Retirement	01/31/14	01/06/14	\$ 2,248	\$ 2,248

Non-Payroll Cash Disbursements

We haphazardly selected ten disbursements from the Edit Register Report 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 Edit Register Report 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 § 5705.41(D). We found no exceptions.

Compliance – Budgetary

1. We compared the total estimated receipts from the *Certificate of the Total Amount From All Sources Available For Expenditures and Balances* required by Ohio Rev. Code §§ 5705.28(B)(2) and 5705.36(A)(1), to the amounts recorded in the 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 Budget Report for 2013 and 2012. The amounts on the appropriation resolutions agreed to the amounts recorded in the 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 Budget Report. Expenditures did not exceed appropriations.
6. We scanned the Activity Report for the years ended December 31, 2013 and 2012 and noted no negative fund balances.

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 style with a large, looping initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

September 23, 2014



Dave Yost • Auditor of State

TRI- COUNTY RURAL WATER AND SEWER DISTRICT

WASHINGTON 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
OCTOBER 9, 2014**