



Dave Yost • Auditor of State





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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Brilliant Water and Sewer District  
Jefferson County  
706 Second Street  
Brilliant, Ohio 43913

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Brilliant Water and Sewer District (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, 2010 and 2009, 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, 2010 and December 31, 2009 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2009 beginning balance recorded in the General Ledger to the December 31, 2008 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, 2010 and 2009 cash balances reported in the General Ledger. The amounts agreed.
4. We confirmed the December 31, 2010 bank account balances with the District's financial institution. We found no exceptions. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2010 bank reconciliation without exception.
5. We selected the single outstanding check from the December 31, 2010 bank reconciliation:
  - a. We traced the check to the debit appearing in the subsequent January bank statement. We found no exceptions.
  - b. We traced the amount and date written to the check register, to determine the check was dated prior to December 31. We noted no exceptions.
6. We tested interbank account transfers occurring in December of 2010 and 2009 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/sewer collection cash receipts from the year ended December 31, 2010 and 10 water/sewer collection cash receipts from the year ended 2009 recorded in the Utility Payments Edit Report and determined whether the:
  - a. Receipt amount per the Utility Payments Edit Report agreed to the amount recorded to the credit of the customer's account in the Billing Register 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 the Billing Register Report for the billing period. We found no exceptions.
  - d. Receipt was posted to the proper accounts, and was recorded in the proper year. We found no exceptions.
2. We read the Account Late Charges preprocess Report.
  - a. We noted this report listed \$8,228 and \$9,773 of accounts receivable as of December 31, 2010 and 2009, respectively.
  - b. Of the total receivables reported in step 2a, \$0 and \$211 were recorded as more than 90 days delinquent as of December 31, 2010 and 2009, respectively.
3. We read the Utility Payment Edit Reports.
  - a. We noted these reports totaled \$9,995 and \$5,694 non-cash receipts adjustments for the years ended December 31, 2010 and 2009, respectively.
  - b. We selected five non-cash adjustments from 2010 and five non-cash adjustments from 2009, and noted that the Board of Trustees did not approve any of the selected adjustments. We recommend that the Board approve all non-cash adjustments or adopt a policy addressing specific adjustments that do not require board approval.

### Over-The-Counter Cash Receipts

We haphazardly selected 10 over-the-counter cash receipts from the year ended December 31, 2010 and 10 over-the-counter cash receipts from the year ended 2009 recorded in the cash receipts pay-ins and determined whether the:

- a. Receipt amount agreed to the amount recorded in the General Ledger Report. The amounts agreed.
- b. Amount charged complied with rates in force during the period, where applicable. We found no exceptions.
- c. Receipt was posted to the proper fund and was recorded in the proper year. We found no exceptions.

### Debt

1. We inquired of management and scanned the General Ledger Report for evidence of bonded or note debt issued during 2010 or 2009 or outstanding as of December 31, 2010 or 2009. We noted no new debt issuances and all debt noted agreed to the summary used in Step 2.
2. We obtained a summary of note debt activity for 2010 and 2009 and agreed principal and interest payments from the related debt amortization schedule to debt service payments reported in the General Ledger Report. We also compared the date the debt service payments were due to the date the District made the payments. Debt payments posted to the General ledger did not include the interest subsidy payments of \$4,639 and \$5,583 from 2010 and 2009, respectively, made on the District's behalf by Ohio Water Development Authority (OWDA). We recommend that interest subsidy payments be reflected on the District's ledgers. We found no other exceptions.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2010 and one payroll check for five employees from 2009 from the Employee Payroll Deductions Reports and determined whether the following information in the employees' personnel files and minute record 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 and State income tax withholding authorization and withholding.

We found no exceptions related to steps a. – e. above, except that a tax withholding authorization form was not maintained for one employee. However, the payroll register did disclose tax withholdings for this employee. We recommend the District maintain all documentation to support wages paid and deductions withheld.

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 (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 payroll register. 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 files. 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, 2010 to determine whether remittances were timely paid, and that the amounts paid agreed to the amounts withheld during the final withholding period during 2010. We noted the following:

<b>Withholding</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Withheld</b>	<b>Amount Paid</b>
Federal income taxes	January 31, 2011	January 5, 2011	\$1,974	\$1,974
State income taxes	January 15, 2011	January 5, 2011	\$437	\$437
OPERS retirement (withholding plus employer share)	January 30, 2011	January 30, 2011	\$3,590	\$3,590

### Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the General Ledger Report for the year ended December 31, 2010 and ten from the year ended 2009 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 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.

### Compliance – Budgetary

1. We compared the total from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Sections 5705.28(B)(2) and 5705.36(A)(1), to the amounts recorded in the Receipt Ledger Report for the years ended December 31, 2010 and 2009. The amounts on the *Certificate* differed from the amounts recorded in the accounting system. The Revenue Ledger Report recorded budgeted (i.e. certified) resources of \$794,128 for all funds for 2009. However, the final *Amended Official Certificate of Estimated Resources* reflected \$800,128. The Revenue Ledger Report recorded budgeted resources of \$835,471 for all funds for 2010. However, the final *Amended Official Certificate of Estimated Resources* reflected \$841,248. The fiscal officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. 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 2010 and 2009 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 Expenditure Report for 2010 and 2009. The amounts on the appropriation resolutions differed from the amounts recorded in the Expenditure Report. The Expenditure Report recorded appropriations of \$547,181 for all funds in 2009, while the approved appropriations were \$553,051. In 2010, the Expenditure Report recorded appropriations of \$578,278 for all funds, while approved appropriations were \$572,796. The fiscal officer should periodically compare amounts recorded in the Expenditure Report to the approved appropriations to assure that they agree. If the amounts do not agree, the Trustees may be using inaccurate information 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, 2010 and 2009. 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, 2010 and 2009, as recorded in the Expenditure Report. Expenditures did not exceed appropriations.

### **Compliance – Contracts & Expenditures**

1. We inquired of management and scanned the General Ledger report for the years ended December 31, 2010 and 2009 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.

We did not receive a response from Officials to the exception(s) 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 and those charged with governance and is not intended to be, and should not be used by anyone other than these specified parties.



**Dave Yost**  
Auditor of State

June 16, 2011

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# Dave Yost • Auditor of State

**BRILLIANT WATER AND SEWER DISTRICT**

**JEFFERSON 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 26, 2011**