

**LE-AX REGIONAL WATER DISTRICT
ATHENS COUNTY
Agreed-Upon Procedures
For the Year Ended December 31, 2012**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Board of Directors
Le-Ax Regional Water District
P.O. Box 967
6000 Industrial Drive
The Plains, Ohio 45780

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Le-Ax Regional Water District, Athens County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the period January 1, 2012 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 Le-Ax Regional Water District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

April 26, 2013

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**LE-AX REGIONAL WATER DISTRICT
ATHENS COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

April 1, 2013

Le-Ax Regional Water District
P.O. Box 967
6000 Industrial Drive
The Plains, OH 45780

To the Board of Directors:

We have performed the procedures enumerated below, with which the Board of Directors and the management of the **Le-Ax Regional Water District**, Athens County, Ohio (the District) 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 year ended December 31, 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, 2012 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2012 beginning balance recorded on the Balance Sheet to the December 31, 2011 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, 2012 cash balances reported on the Balance Sheet. The amounts agreed.
4. We confirmed the December 31, 2012 bank account balances with the District's financial institutions. We found no exceptions.
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.

Cash and Investments (Continued)

6. We tested interbank account transfers occurring in December of 2012 to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions.
7. We tested investments held at December 31, 2012 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 10 water collection cash receipts from the year ended December 31, 2012 recorded in the Central Cash by Receipt Number Report and determined whether the:
 - a. Receipt amount per the Central Cash by Receipt Number Report agreed to the amount recorded to the credit of the customer's account in the Receipts Posting Journal. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Detailed Trial Balance 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 Aged Trial Balance report.
 - a. We noted this report listed \$315,709 of accounts receivable as of December 31, 2012.
 - b. Of the total receivables reported in step 2a, \$6,340 were recorded as more than 90 days delinquent as of December 31, 2012.
3. We read the Adjustment Journal.
 - a. We noted this report listed a total of \$25,692 non-cash receipts adjustments for the year ended December 31, 2012.
 - b. We selected five non-cash adjustments from 2012 and noted that the General Manager approved the adjustments and presented the Adjustments Journal to the Board of Directors for review.

Debt

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

Issue	Principal outstanding as of December 31, 2011:
USDA 1997 Revenue Bonds	\$5,686,526
USDA 2005 Revenue Bonds	\$1,392,035
USDA 2009 Revenue Bonds	\$3,284,000
OWDA Loan #2768	\$ 411,186
OWDA Loan #5918	\$ 31,407

2. We inquired of management, and scanned the CC Register Report and the Vendor Check Register report for evidence of debt issued during 2012 or debt payment activity during 2012. All debt noted agreed to the summary we used in step 3. We noted no new debt issuances.

Debt (Continued)

3. We obtained a summary of bonded and note debt activity for 2012 and agreed principal and interest payments from the related debt amortization schedules to debt service payments reported in the Open Journal Entries by Batch report. 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 2012 from the Payroll Journal and:
 - a. We compared the hours and pay rate, or salary amount recorded in the Payroll Journal to supporting documentation (timecard, or legislatively approved rate or salary). 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 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	January 31, 2013	January 15, 2013	\$29,607.30	\$29,607.30
State income taxes	January 15, 2013	January 15, 2013	\$1,942.00	\$1,942.00
Local income tax	January 15, 2013 & January 15, 2013	January 15, 2013 & January 15, 2013	\$174.67 & \$536.47	\$174.67 & \$536.47
OPERS retirement	January 30, 2013	January 9, 2013	\$25,045.17	\$25,045.17

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Vendor Check Register for the year ended December 31, 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 Vendor Check Register and to the names and amounts on the supporting invoices. We found no exceptions.
 - c. The General Manager 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 budget required by Ohio Rev. Code Sections 5705.28(B)(2) and 5705.36(A)(1) to the amounts recorded in the Budget Trial Balance for the year ended December 31, 2012. The amounts agreed.

Compliance – Budgetary (Continued)

2. We scanned the budget adopted for 2012 to determine whether the Board of Directors 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 Budget Trial Balance for 2012. The amounts on the adopted budget agreed to the amounts recorded in the Budget Trial Balance.
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 year ended December 31, 2012. 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 year ended December 31, 2012 as recorded in the adopted 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 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, the Auditor of State, and others within the District, and is not intended to be, and should not be used by anyone other than these specified parties.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

LE-AX REGIONAL WATER DISTRICT

ATHENS 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
MAY 9, 2013