



Dave Yost • Auditor of State

NOBLE COUNTY WATER AUTHORITY
NOBLE COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Noble County Water Authority
Noble County
P.O. Box 127
Belle Valley, Ohio 43717

We have performed the procedures enumerated below, with which the Board of Trustees and the management of the Noble County Water Authority, Noble County, Ohio (the Authority), Ohio 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

1. We tested the mathematical accuracy of the December 31, 2012 and December 31, 2011 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2011 beginning balances recorded in the Reconciliation Summary to the December 31, 2010 balance in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2012 beginning fund balances recorded in the Reconciliation Summary to the December 31, 2011 balances in the Reconciliation Summary. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2012 and 2011 cash balances reported in the Transaction Detail Report. The amounts agreed.
4. We confirmed the December 31, 2012 bank account balances with the Authority's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2012 bank reconciliation without exception.
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, February and March bank statements. We noted one check that has been outstanding since May 8, 2009. We recommend the Noble Water Authority investigate this long outstanding check by contacting the vendor.

Cash (Continued)

- 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 interbank account transfers occurring in December of 2012 and 2011 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 collection cash receipts from the year ended December 31, 2012 and 10 water collection cash receipts from the year ended December 31, 2011 recorded in the U/B Receipts Journal Report and determined whether the:
 - a. Receipt amount per the "paid" water billing stub receipt agreed to the amount recorded to the credit of the customer's account in the U/B Receipts Journal Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the U/B Receipts Journal 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 following reports maintained by the Authority for 2012 and 2011: U/B Receipts Journal, U/B Posting Journal, U/B Trial Balance and U/B Adjustments Journal.
 - a. We noted these reports did not identify the balance of accounts receivable as of December 31, 2012 and 2011. The Authority closed-out the year before generating these year-end reports. Without accounts receivable information available for audit, we could not report the amount of delinquent accounts and the amount of delinquent accounts greater than 90 days past due. We recommend the Authority print and maintain an Accounts Receivable report at year-end before closing out to include delinquent accounts of 30, 60 and 90 days past due for monitoring and auditing purposes.
3. We read the U/B Adjustment Journal Report.
 - a. We noted this report listed a total of \$81.60 and \$816.82 non-cash receipts adjustments for the years ended December 31, 2012 and 2011, respectively.
 - b. We selected five non-cash adjustments from 2012 and five non-cash adjustments from 2011, and noted that the Board of Trustees approved each adjustment.

Over-The-Counter Cash Receipts

- We haphazardly selected 6 over-the-counter cash receipts from the year ended December 31, 2012 and 4 over-the-counter cash receipts from the year ended 2011 recorded in the duplicate cash receipts book and determined whether the:
- a. Receipt amount agreed to the amount recorded in the Transaction Detail by Account Report. The amounts agreed.
 - b. Amount charged complied with rates in force during the period. We found no exceptions.
 - c. Receipt was recorded in the proper year. We found no exceptions.

Debt

1. From the prior audit documentation, we noted the following bonds 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:
Mortgage Revenue Bonds	\$ 739,000

2. We inquired of management, and scanned the Transaction Detail by Account Report for evidence of debt issued during 2012 or 2011 or debt payment activity during 2012 or 2011. All debt noted agreed to the summary we used in step 2. There were no new issuances in 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 Transaction Detail by Account Report. 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 and one payroll check for five employees from 2011 from the Payroll Control Summary Report and:
 - a. We compared the salary amount recorded in the Payroll Control Summary Report to legislatively approved salary. We found that the monthly salary of one employee was not listed on the 2010 (latest approved) salary schedule. We brought this to management's attention, and they provided us Authority approved raises for this employee over the years but no starting salary was stated in these Board resolutions. Each year the Board provides a percent or dollar amount raise instead of stating an annual salary or per hour amount. We recommend the Authority approve an annual resolution stating the actual salary or rate per hour to be paid for each employee during the current year. Because we did not test all payroll checks, our report provides no assurance whether or not other similar errors occurred.
 - 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 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, 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	December 31, 2012	\$534.79	\$534.79
State income taxes	January 15, 2013	December 31, 2012	\$46.15	\$46.15
OPERS retirement	January 30, 2013	December 31, 2012	\$1,059.60	\$1,059.60

Non-Payroll Cash Disbursements

1. From the Transaction Detail by Account Report, we re-footed checks recorded as payroll expenses for 2012. We found no exceptions.
2. We haphazardly selected ten disbursements from the Transaction Detail by Account Report for the year ended December 31, 2012 and ten 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 Transaction Detail by Account 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 Section 5705.41(D). We found no exceptions.

Compliance – Budgetary

1. We compared the total estimated receipts approved by the Trustees as required by Ohio Rev. Code Section 5705.28(B)(2) and 5705.36(A)(1), to the amounts recorded in the manual budgetary spreadsheet for the years ended December 31, 2012 and 2011. We found estimated revenue was not input into the manual budgetary spreadsheet for 2011 and 2012. Further we found not all the actual receipts were included on the manual budgetary spreadsheet. In order for the Trustees to accurately monitor budget and actual amounts the proper information needs to be input into the manual budgetary spreadsheet. We recommend the Fiscal Officer input the actual receipts from the Transaction Detail Account Report and the estimated revenue into the manual budgetary spreadsheet.
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 Section 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 manual budgetary spreadsheet for 2012 and 2011. The amounts agreed. We found for 2012 actual expenditures by line item account as recorded in the manual budgetary spreadsheet did not agree to the amounts recorded in the Transaction Detail Account Report. In order for the Trustees to accurately monitor budget and actual amounts the proper information needs to be input into the manual budgetary spreadsheet. We recommend the Fiscal Officer ensure actual expenditures from the Transaction Detail Account Report agree to the actual expenditures recorded in the manual budgetary spreadsheet.
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.

Compliance – Budgetary (Continued)

5. Ohio Rev. Code Section 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 manual budgetary spreadsheet. We noted that expenditures for 2012 exceeded total appropriations by \$13,819, contrary to Ohio Rev. Code Sections 5705.28(B)(2) and 5705.41(B). The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary, and if resources are available.

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 and others within the Authority, 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

July 5, 2013

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NOBLE COUNTY WATER AUTHORITY

NOBLE 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 18, 2013**