



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, 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 balance recorded in the General Ledger to the December 31, 2011 balance in the General Ledger. We found no exceptions. We also agreed the January 1, 2012 beginning fund balance recorded in the General Ledger to the December 31, 2011 balance in the General Ledger. 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 General Ledger. The amounts agreed.
4. We confirmed the December 31, 2012 bank account balances with the District's financial institution. 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 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/sewer collection cash receipts from the year ended December 31, 2012 and 10 water/sewer collection cash receipts from the year ended 2011 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:
 - i. Agreed with the debit to accounts receivable in the Billing Register 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 Account Late Charges Preprocess Report.
 - a. We noted this report listed \$7,957 and \$6,901 of accounts receivable as of December 31, 2012 and 2011, respectively.
 - b. Of the total receivables reported in step 2a, \$308 and \$273 were recorded as more than 90 days delinquent as of December 31, 2012 and 2011, respectively.

3. We read the Utility Payment Edit Report.
 - a. We noted this report listed a total of \$9,877 and \$14,731 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 10 over-the-counter cash receipts from the year ended December 31, 2012 and 10 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 General Ledger. The amounts agreed.
- b. Amount charged complied with rates in force during the period. We found no exceptions.
- c. Receipt was posted to the proper fund and recorded in the proper year. We found no exceptions.

Debt

1. From the prior agreed-upon procedures documentation, we noted the following loan outstanding as of December 31, 2010. This amount agreed to the District's January 1, 2011 balance on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2010:
OWDA Capital Project Loan #1490	\$258,257

Debt (Continued)

2. We inquired of management, and scanned the Revenue Ledger and Expenditure Ledger for evidence of debt issued during 2012 or 2011 or debt payment activity during 2012 or 2011. We noted four new debt issues.
3. We obtained a summary of notes 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 Expenditure Ledger. We also compared the date the debt service payments were due to the date the District made the payments. We found no exceptions.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the duplicate pay-in book. The amounts did not agree.

Debt proceeds of three of the four new debt issues were not accurately recorded. In 2011, the District received loan proceeds from the Ohio Water Development Authority in the amount of \$139,824 and recorded only \$26,676. In 2012, the District received loan proceeds from the Ohio Water Development Authority (OWDA) and from the Ohio Public Works Commission (OPWC) in the amounts of \$486,188 and \$49,999, respectively. The District recorded \$22,645 of the OWDA loan proceeds and the District did not record any of the proceeds of the OPWC loan.

5. For new debt issued during 2012 and 2011, we inspected the debt legislation, noting the District must use the proceeds for a New Well and Waterline Projects. We scanned the Expenditure Report and noted the District did not record the expenditures for the well and waterline projects, however, OWDA and OPWC paid the vendors directly in the amounts of the unrecorded portions of the loan proceeds.

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 Register and:
 - a. We compared the hours and pay rate or salary amount recorded in the Payroll Register 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 and 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	January 11, 2013	\$2,260	\$2,260
State income taxes	January 15, 2013	January 11, 2013	\$410	\$410
OPERS retirement	January 30, 2013	January 11, 2013	\$3,550	\$3,550

Payroll Cash Disbursements (Continued)

3. We haphazardly selected and recomputed one termination payment (unused vacation, etc.) using the following information, and agreed the computation to the amount paid as recorded in the Payroll Register:
 - a. Accumulated leave records
 - b. The employee's pay rate in effect as of the termination date
 - c. The District's payout policy.

The amount paid was consistent with the information recorded in a. through c. above.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the General Ledger 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 General Ledger 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. We found five instances where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not test all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

Compliance – Budgetary

1. We compared the total estimated receipts 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 for the years ended December 31, 2012 and 2011. The Revenue Ledger recorded budgeted (i.e. certified) resources of \$572,969 for 2011. However, the final *Amended Official Certificate of Estimated Resources* reflected \$2,029,593. The Revenue Ledger recorded budgeted resources of \$558,150 for 2012. However, the final *Amended Official Certificate of Estimated Resources* reflected \$562,150. The fiscal officer should periodically compare amounts recorded in the Revenue Ledger 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 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 Sections 5705.28(B)(2) and 5705.38(C). We found no exceptions.

Compliance – Budgetary (Continued)

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 Ledger for 2012 and 2011. The amounts on the appropriation resolutions differed from the amounts recorded in the Expenditure Ledger. The Expenditure Ledger reflected appropriations of \$2,023,243 in 2011, while the approved appropriations were \$2,050,743. The Expenditure Ledger reflected appropriations of \$1,888,771 in 2012, while approved appropriations were \$1,893,271. The fiscal officer should periodically compare amounts recorded in the Expenditure Ledger 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, 2012 and 2011. 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, 2012 and 2011 as recorded in the Expenditure Ledger. 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, the Board of Trustees, and others within the District, 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 19, 2013

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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
AUGUST 13, 2013**