



Dave Yost • Auditor of State



RENO AREA WATER AND SEWER DISTRICT  
WASHINGTON COUNTY

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

Reno Regional Water and Sewer District  
Washington County  
170 Mount Tom Road  
Marietta, Ohio 45750

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Reno 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, 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 Auditor Reconciliation Spreadsheet to the December 31, 2010 balance in the prior year audited statements. The December 31, 2010 audited balance exceeded the January 1, 2011 system balance by \$74. We also agreed the January 1, 2012 beginning fund balances recorded in the Auditor Reconciliation Spreadsheet to the December 31, 2011 balances in the Auditor Reconciliation Spreadsheet. 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 by Account Reports. 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.

**Cash (Continued)**

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.
  
6. We selected all reconciling credits (such as deposits in transit) from the December 31, 2012 bank reconciliation:
  - a. We traced each credit to the subsequent January bank statement. We found no exceptions.
  - b. We agreed the credit amounts to the Transaction Detail by Account report. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.

**Charges for Services**

1. We haphazardly selected 10 water and sewer collection cash receipts from the year ended December 31, 2012 and 10 water and sewer collection cash receipts from the year ended 2011 recorded in the Deposit Register Report and determined whether the:
  - a. Receipt amount per the Deposit Register Report agreed to the amount recorded to the credit of the customer's account in the Customer Account History Report. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Customer Account History Report for the billing period. We found no exceptions.
    - ii. Complied with rates in force during the audit period plus any applicable late penalties. 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 Accounts Receivable Aging Summary report. We noted this report listed \$132,391 and \$126,533 of accounts receivable as of December 31, 2012 and 2011, respectively.

**Debt**

1. From the prior audit documentation, we noted the following notes and loans outstanding as of December 31, 2010. These amounts agreed to the Districts January 1, 2011 balances on the summary we used in step 3.

Issue	Principal Outstanding as of December 31, 2010
1979 GECC Note	\$48,140
1982 GECC Note	\$62,957
Army Corps of Engineers	\$13,500
OPWC Loan CR933	\$18,091
OPWC Loan CR11B	\$108,423

**Debt (Continued)**

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 3. We noted no new debt issuances during 2012 or 2011.
3. We obtained a summary of note debt activity for 2012 and 2011 and agreed the total of principal and interest payments from the related debt amortization schedule and loan payment invoices 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 District made the payments and found the first payments due in 2011 for the OPWC Loans CR933 and CR11B are still outstanding. We found no other exceptions.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for all employees from 2012 and one payroll check for all employees from 2011 from the Payroll Transaction Detail Report and:
  - a. We compared the hours and pay rate, or salary amount recorded in the Payroll Transaction Detail Report 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(s) 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. For any new employees selected in step 1 we 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, 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, 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:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal Income Taxes and Medicare	01/31/13	01/08/13	\$ 698.46	\$ 698.46
State Income Taxes	01/15/13	01/08/13	\$ 138.00	\$ 138.00
OPERS Retirement	01/31/13	01/08/13	\$ 1,162.50	\$ 1,162.50

### Non-Payroll Cash Disbursements

1. From the Transaction Detail by Account Report, we re-footed all transactions in the Chase Regular Checking Account and the Settlers Money Market Account for 2012.
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 District is not required to certify expenditures as required by Ohio Revised Code Section 5705.41(D)(1) since Ohio Revised Code Section 5705.44 provides that such certification shall not be required for contracts on which payments are to be made from the earnings of a publicly operated water works or public utility. 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. Ohio Rev. Code Sections 5705.28(B)(2) and 5705.36(A)(1) require governments to determine total estimated receipts. We noted the Board had budgets for the years ended December 31, 2012 and 2011 including estimated receipts, however there was no indication that the budgets were Board approved therefore we made no comparison to what was recorded in the District's reports.
2. Ohio Rev. Code Sections 5705.28(B)(2) and 5705.38(C) require appropriation measures which appropriate separately for "each office, department, and division, and within each, the amount appropriated for personal services". We could find no appropriation measures for 2012 and 2011 formally adopted by the Board and therefore determined the Board did not appropriate as required by Ohio Rev. Code Sections 5705.28(B)(2) and 5705.38(C).
3. Ohio Rev. Code Sections 5705.28(B)(2), 5705.38 and 5705.40 require governments to adopt appropriation measures. We could find no appropriation measures for 2012 and 2011 formally adopted by the Board therefore we made no comparison to what was recorded in the District's reports.
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 could not determine if appropriations exceeded estimated revenue for the years ended December 31, 2012 and 2011 because we could find no appropriation measures that were formally adopted by the Board.
5. Ohio Rev. Code Sections 5705.28(B)(2) and 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We could not determine if expenditures exceeded appropriations for the years ended December 31, 2012 and 2011 because we could find no appropriation measures that were formally adopted by the Board.

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, flowing style.

**Dave Yost**  
Auditor of State

May 29, 2013

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# Dave Yost • Auditor of State

**RENO 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  
JUNE 13, 2013**