



**MADISON WATER DISTRICT
RICHLAND COUNTY**

AGREED UPON PROCEDURES REPORT

FOR THE YEARS ENDED DECEMBER 31, 2009-2008



Mary Taylor, CPA
Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Trustees
Madison Water District
Richland County
489 Indiana Avenue
Mansfield, Ohio 44905

We have performed the procedures enumerated below, with which the Board of Trustees and the management of the Madison Water District, Richland 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, 2009 and 2008, 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, 2009 and December 31, 2008 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2008 beginning balance recorded in the Account Register report to the December 31, 2007 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, 2009 and 2008 cash balances reported in the Account Register report. The amounts agreed.
4. We confirmed the December 31, 2009 bank account balances with the District's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2009 bank reconciliation without exception.
5. We selected five outstanding checks haphazardly from the December 31, 2009 bank reconciliation:
 - a. We traced each check to the debit appearing in the subsequent January bank statement. We found no exceptions.
 - b. We traced the amounts and date written to the check register, to determine the checks were dated prior to December 31. We noted no exceptions.
6. We tested interbank account transfers occurring in December of 2009 and 2008 to determine if they were properly recorded in the accounting records and on each bank statement or reconciliation. We found no exceptions.

Charges for Services

1. We haphazardly selected 10 water collection cash receipts from the year ended December 31, 2009 and 10 water collection cash receipts from the year ended 2008 recorded in the Billing Register and determined whether the:
 - a. Receipt amount per the Edit List report agreed to the amount recorded to the credit of the customer's account in the Billing Register. 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 for the billing period. We found no exceptions.
 - d. Receipt was posted to the proper fund, and was recorded in the proper year. We found no exceptions.
2. We read the Age Accounts Receivable Report.
 - a. We noted this report listed \$10,334 and \$10,301 of accounts receivable as of December 31, 2009 and 2008, respectively.
 - b. Of the total receivables reported in step 2a, \$6,567 and \$6,449 were recorded as more than 120 days delinquent as of December 31, 2009 and 2008, respectively.
3. We inquired with the Office Manager who was not aware of any noncash adjustments.

Debt

We inquired of management, and scanned the General Ledger and Check Register for evidence of bonded or note debt issued during 2009 or 2008 or outstanding as of December 31, 2009 or 2008. We noted no new debt issuances, nor any debt payment activity during 2009 or 2008.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2009 and one payroll check for five employees from 2008 from the Payroll Register 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, 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.

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.

Payroll Cash Disbursements (continued)

3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2009 to determine whether remittances were timely paid, and that the amounts paid agreed to the amounts withheld during the final withholding period during 2009. We noted the following:

<u>Withholding</u>	<u>Date Due</u>	<u>Date Paid</u>	<u>Amount Withheld</u>	<u>Amount Paid</u>
Federal income taxes	January 31, 2010	January 5, 2010	\$165.04	\$165.04
State income taxes	January 15, 2010	January 20, 2010	154.21	154.21
OPERS retirement (withholding plus employer share)	January 30, 2010	January 11, 2010	579.60	579.60

Non-Payroll Cash Disbursements

We haphazardly selected ten disbursements from the Check Register for the year ended December 31, 2009 and ten from the year ended 2008 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 Check Register and 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.

Compliance – Budgetary

1. We reviewed the 2009 and 2008 budgets prepared for use by the board noting the inclusion of budgeted revenues. We compared the revenue budgets to the amounts on the quarterly budget versus actual reports approved by the Board. The amounts agreed.
2. We scanned the budget adopted for 2009 and 2008 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 budgeted expenditures required by Ohio Rev. Code Sections 5705.28(B)(2), 5705.38 and 5705.40, to the amounts recorded in the Purchase Order Register and on the purchase order ledger sheets for 2009 and 2008. The amounts on the Purchase Order Register agreed to or were less than the amounts on the budget. The amounts entered on the purchase order ledgers sheets agreed to the Purchase Order Register.
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 budgeted expenditures to total budgeted revenue for the years ended December 31, 2009 and 2008. Budgeted expenditures did not exceed budgeted revenue.

Compliance – Budgetary (continued)

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 budgeted expenditures for the years ended December 31, 2009 and 2008, as recorded in the budget and financial report. Expenditures did not exceed budgeted expenditures.

Compliance – Contracts & Expenditures

We inquired of management and scanned the Check Register for the years ended December 31, 2009 and 2008 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 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.



Mary Taylor, CPA
Auditor of State

July 19, 2010



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MADISON WATER DISTRICT

RICHLAND 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 17, 2010**