



OHIO AUDITOR OF STATE
KEITH FABER



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One First National Plaza
130 West Second Street, Suite 2040
Dayton, Ohio 45402-1502
(937) 285-6677 or (800) 443-9274
WestRegion@ohioauditor.gov

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Jefferson Regional Water Authority
Montgomery County
1230 Soldiers Home Miamisburg Road
Miamisburg, Ohio 45342

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Jefferson Regional Water Authority (the Authority), on the receipts, disbursements and balances recorded in the Authority's cash basis accounting records for the years ended December 31, 2018 and 2017 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Authority. The Authority is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2018 and 2017 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Authority. 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 recalculated the December 31, 2018 and December 31, 2017 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2017 beginning balance recorded in the General Ledger Summary Report to the December 31, 2016 balance in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2018 beginning fund balances recorded in the General Ledger Summary Report to the December 31, 2017 balances in the General Ledger Summary Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2018 and 2017 cash balances reported in the General Ledger Summary Report. The amounts agreed.
4. We confirmed the December 31, 2018 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, 2018 bank reconciliation without exception.
5. We selected a sample (agreed upon) of five reconciling debits (such as outstanding checks) from the December 31, 2018 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. There were no exceptions.

6. We tested the Authority's reconciling credit (deposits in transit) from the December 31, 2018 bank reconciliation:
 - a. We traced the credit to the subsequent January bank statement. We found no exceptions.
 - b. We agreed the credit amount to the General Ledger Summary Report. The credit was recorded as a December receipt for the same amount recorded in the reconciliation.
7. We traced interbank account transfers occurring in December of 2018 and 2017 to the accounting records and bank statements to determine if they were properly recorded. We found no exceptions.
8. We inspected investments held at December 31, 2018 and December 31, 2017 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 selected a sample (agreed upon) of 10 water collection cash receipts from the year ended December 31, 2018 and 10 water collection cash receipts from the year ended 2017 recorded in the Payment Edit List Report and:
 - a. Agreed the receipt amount per the Payment Edit List Report to the amount recorded to the customer's account in the Customer Maintenance Bill Pay History. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Customer Maintenance Bill Pay History 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 inspected the Aged Trial Balance Report.
 - a. This report listed \$22,789 and \$26,147 of accounts receivable as of December 31, 2018 and 2017, respectively.
 - b. Of the total receivables reported in procedure 2a, \$3,123 and \$6,473 were recorded as more than 90 days delinquent as of December 31, 2018 and 2017, respectively.

Debt

1. From the prior agreed-upon procedures documentation, we observed the following loans were outstanding as of December 31, 2016. These amounts agreed to the Authority's January 1, 2017 balances on the summary we used in procedure 3, except the balance of the OPWC Loan – CD07F was \$111,065 on the summary we used in procedure 3, which agrees to the confirmation obtained from OPWC.

Issue	Principal outstanding as of December 31, 2016:
OWDA Loan – 4026	\$159,577
OPWC Loan – CD07F	\$104,895
USDA Loan	\$675,000

2. We inquired of management, and inspected the Check Register Report, Cash Disbursement Report, and General Ledger Journal Report for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of loan activity for 2018 and 2017 and agreed principal and interest payments from the related debt amortization schedules to debt service account code payments reported in the Check Register and Cash Disbursement Journal Report. We found no exceptions. We also compared the date the debt service payments were due to the date the Authority made the payments. We found one exception. The OPWC Loan – CD07F payment due on January 31, 2017 was paid on February 28, 2017, twenty-eight days after the due date. The Authority should implement procedures to verify all loan payments are made on or before the stated due date on the invoice and/or amortization schedule.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2018 and one payroll check for five employees from 2017 from the Payroll Journal Report and:
 - a. We compared the hours and pay rate, or salary amount recorded in Payroll Journal Report to supporting documentation (timecard, or legislatively approved rate or salary). We found no exceptions.
 - b. We inspected the Payroll Journal Report to confirm whether account codes to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files and/or minute record. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. For any new employees selected in procedure 1 we inspected the employees' personnel files for the following information and compared it 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 procedures a. – f. above.

3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2018 to confirm 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 2018. We observed the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2019	January 11, 2019	\$4,222	\$4,222
State income taxes	January 15, 2019	January 11, 2019	\$1,024	\$1,024
Local and school district income tax	January 30, 2019	January 11, 2019	\$1,374	\$1,374
OPERS retirement	January 30, 2019	January 22, 2019	\$3,838	\$3,838

4. We 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 Journal Report:
- Accumulated leave records
 - The employee's pay rate in effect as of the termination date
 - The Authority's payout policy.

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

Non-Payroll Cash Disbursements

1. We selected a sample (agreed upon) of 10 disbursements from the Check Register and Cash Disbursement Reports for the year ended December 31, 2018 and 10 from the year ended 2017 and determined whether:
- The disbursements were for a proper public purpose. We found no exceptions.
 - 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 Cash Disbursement Reports and to the names and amounts on the supporting invoices. We found no exceptions.
 - 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.
 - 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 from the approved budget required by Ohio Rev. Code Sections 5705.28(B)(2) and 5705.36(A)(1) to the amounts recorded in the accounting system for the years ended December 31, 2018 and 2017. The Authority's accounting system did not incorporate budgeted receipts to use in comparisons of budgeted and actual receipt information. The Authority should incorporate budgeted receipt information into its accounting system in order to track and appropriately react and revise budgeted amounts to variations in receipts actually received when compared to budgeted amounts. Failure to do so could result in the Trustees using inaccurate information for budgeting and monitoring purposes.

2. We inspected the appropriation measures adopted for 2018 and 2017 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 total appropriations required by Ohio Rev. Code Sections 5705.28(B)(2), 5705.38, and 5705.40 to the amounts recorded in the Spreadsheet of Budget for 2018 and 2017. The amounts on the appropriation resolutions agreed to the amounts recorded in the Spreadsheet of Budget. However, the Spreadsheet of Budget was separate from the Authority's accounting system and did not track budgeted versus actual expenditure information. Ohio Admin. Code Section 117-2-02(D) states, in part, all local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides, and should consider the degree of automation and other factors. Such records should include an appropriation ledger, which may assemble and classify disbursements or expenditure/expenses into separate accounts for, at a minimum, each account listed in the appropriation resolution. The amount, fund, date, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, and any other information required may be entered in the appropriate columns. The Authority should track approved appropriations, including amendments, in its accounting system. Failure to track budgeted versus actual expenditures could lead to overspending and potential negative fund balances. Additionally, tracking budgetary data can provide useful information to management and the Trustees.
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, 2018 and 2017. 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 years ended December 31, 2018 and 2017, as recorded in the Spreadsheet of Budget. Expenditures did not exceed appropriations.
6. We inspected the General Ledger Summary Report for the years ended December 31, 2018 and 2017 for negative cash fund balance. Ohio Rev. Code Section 5705.10 (I) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. There were no funds having negative cash fund balances.

Other Compliance

1. Ohio Rev. Code Section 117.38 requires these Authority's to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We confirmed the Authority filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy within the allotted timeframe for the years ended December 31, 2018 and 2017 in the Hinkle system. There were no exceptions.

2. For all credit card accounts we obtained a list of all credit card account transactions.
 - a. We selected 3 credit card transactions for testing. For selected transactions we inspected documentation to determine that:
 - i. Each transaction was supported with original invoices and for a proper public purpose.
We found no exceptions.

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*. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Authority's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is to provide assistance in the evaluation of the Authority's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2018 and 2017, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

July 16, 2019

OHIO AUDITOR OF STATE
KEITH FABER



JEFFERSON REGIONAL WATER AUTHORITY

MONTGOMERY 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 6, 2019**