

Rubiano & Company

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Bud Leonhardt, President
Pascoag Reservoir Dam Management District
86 Jackson Schoolhouse Rd
Chepachet, RI 02814

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

AS TO

AGREED UPON PROCEDURES

We have performed the procedures enumerated below which were agreed to by The Pascoag Reservoir Dam Management District (PRDMD) to assist in evaluating management's assertions regarding their recording of revenues and expenditures for the three annual fiscal years ended July 31, 2020, 2021, and 2022. Management of the District is responsible for the Organization's accounting records. This agreed upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). The sufficiency of these procedures is solely the responsibility of those 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.

- Reconcile PRDMD deposits with amounts reported on the bank account statements for each month in the three-year period.

We agreed all the organization's deposit records to the bank statements, with no exceptions.

- Prepare a Proof of cash reconciling total deposits recorded in the general ledger with the total amount recorded by the bank.

We compared the deposits recorded in the general ledger to the total deposits per the bank statement for each of the fiscal years and note the following:

The total deposits recorded in the ledger through the cash receipts journal for the years ended July 31, 2020, and 2021 agreed with the total deposits as recorded by the bank and the total interest posted by the bank.

For the fiscal year ended July 31, 2022, we did find a difference in the total deposits recorded in the ledger as compared to the amount recorded by the bank. The difference was \$13.37.

There is one item recorded in the ledger as a deposit in the amount of \$13.37 which is actually an adjusting entry, (not a deposit) that accounts for that difference.

The bank statements for October 2021 and November 2021 report service charges of \$9.99 per month resulting in a negative balance of \$13.37 as of the end of November, the last month for which a bank statement was provided. Sometimes banks continue to record service charges to closed accounts. Eventually they credit the account up to a zero balance.

The entry was recorded in the ledger as a deposit. While there was no deposit to reconcile when conducting our procedures, a general journal entry is appropriate to adjust the closed account to zero so that the ledger does not show a negative balance.

- Reconcile PRDMD checks issued with the amount reported on the bank account statements for each month in the three-year period.

We agreed all the organization's checks issued to the amount in the bank statements, with no exceptions.

- Examine entries for all checks written and review allocation of expenditures.

We reviewed the documentation provided for the checks issued and compared that data to the general ledger account to which the check was posted. We found the expense allocations to be appropriate.

- Agree year end balances recorded in the general ledger for all cash accounts to the balances reported on the bank statements as of July 31, for each year.

We compared the amount of the cleared balance in the checking account reconciliations with the current balance per the bank statement for the checking accounts as of July 31, for each fiscal year and found no exceptions.

We compared the balance for the money market account as recorded in the general ledger with the current balance per the bank statement as of July 31, for each fiscal year and found no exceptions.

- Review invoicing procedures and controls to ensure that all billable properties have been invoiced.

We reviewed the listing of parcels on the spreadsheets prepared from the municipal tax assessor files for the two towns in which the properties are located. We compared the total number of properties invoiced for each year to those listings.

We identified the properties that are indicated as non-billable on those listings and then agreed those properties to a listing of non-billable properties provided by the Treasurer. The two schedules agree.

The budget for each year shows 310 billable properties.

We generated a report from your QuickBooks file listing the invoices by property designation for each fiscal year. We separated out the \$50 annual fee invoiced to each property designation to facilitate our review of the total properties billed. Our findings were that 311 properties were billed for each of the fiscal years.

Arriving at a different number of billable properties than expected, we cross referenced our count of the properties billed with the total properties listed on the spreadsheet using two different approaches to verify the number of properties billed.

Our finding is that there are 311 billable properties as shown in the following table.

	Pascoag	Chepachet	Total
Total properties listed	248	75	323
Non-billable	10	2	12
Billable	238	73	311

We did see that in the 2020-21 fiscal year, one of the property owners' prepaid fees for four years. The total amount paid was recognized as revenue in fiscal year 2020-21. That same property, with the same owner, was also billed in fiscal year 2021-22, and a late payment charge was assessed that year. We did see that the duplicate payment and late fee was subsequently reimbursed to the owner. Based on our findings we are including recommendations as an addendum to our report on agreed upon procedures.

We were not engaged and did not conduct an audit, the objective of which would be the expression of an opinion on the financial statements. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Rubiano & Company

Rubiano & Company CPAs
Greenville, Rhode Island

June 27, 2023

Recommendation for
Pascoag Reservoir Dam Management District
Based upon findings in our Agreed Upon Procedures Engagement

Handling of Prepaid fees

Our findings determined that prepaid fees are recognized as revenue when collected. In one instance we also found that a property owner had prepaid fees for several years which were recognized as income in the 2020-21 year when the payment was received. That property owner was also billed for the 2021-22 year as part of the normal billing cycle. A credit memo was subsequently issued for the duplicate billing and a refund check was issued. Also, we found that two credit memos issued in the 2019-20 year were to credit the property owner for fees that were billed for the 2019-20 year but had been paid in a prior year.

With over 300 properties to invoice each year, it is easy to forget that one or two of those properties had paid in advance. That leads to extra work to correct for the overbilling, and an embarrassing situation for the Board and a possibly contentious situation with the property owner. To reduce these risks, we recommend that whenever a property owner prepays fees, that the prepayment is recorded in the general ledger as a liability until the billing cycle for the year to which the prepayment applies. Showing the liability in the balance sheet will serve as a reminder that a prepayment is outstanding and will reduce the risk of errors.