

KENT COUNTY WATER AUTHORITY
AGREED-UPON PROCEDURES REPORT

KENT COUNTY WATER AUTHORITY

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**REPORT OF INDEPENDENT ACCOUNTANTS
ON APPLYING AGREED-UPON PROCEDURES**

The Members of the Board of
Kent County Water Authority

We have performed the procedures enumerated below which were agreed to by management of **Kent County Water Authority** (the Authority) based on their understanding of the Rhode Island Water Resources Board Public Drinking Water Protection program (the Program) solely to assist you in evaluating compliance with Section 2.4(g) of the Program from July 1, 2013 through June 30, 2014. The Authority's management is responsible for compliance with Section 2.4(g) of the Program. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Authority. 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. The procedures performed and our findings are as follows:

1. Read the Rhode Island Water Resources Board – Rhode Island Public Drinking Water Protection Program (Program).
 - *Marcum LLP read the rules and procedures required by the Program as it relates to the water quality protection charges.*
2. From selected sample trace invoices and/or cancelled checks to billing records.
 - *Marcum LLP selected a sample of 40 invoices from a population provided by management, and traced to the billing records; no exceptions were found as a result of applying the procedure to the applicable samples tested.*
3. Inspect records and list the number of metered accounts.
 - *Based on records supplied by management, there were 26,922 metered accounts as of June 30, 2014.*
4. Inspect records for an estimate of water delivered to unmetered accounts other than public fire protection.
 - *Based on records supplied by management, no unmetered accounts were identified in the population provided by management.*
5. Inspect the number of exemptions.
 - *Based on records supplied by management, there were 2,949 exempt accounts.*

6. Inquire if a program is in place at the Kent County Water Authority for the prevention and elimination of unmetered and unaccounted water.

- *As a result of inquiry of management as of June 30, 2014, the following was noted:*

Kent County Water Authority has a program in place to eliminate water unaccounted for, principally through the installation of new residential meters and improvements to the distribution system. In addition, the Authority estimates 25% of systems are checked each year utilizing a Leak Detection System.

7. Recalculate the total water consumed versus the total water billed and determine the nonaccount factor, based on the requirements of the Program.

- *Based on the records prepared and supplied by management, we traced the gallons used to the 2013-2014 Providence and Warwick Water Pumping report and the Quaker Lane report and traced the gallons charged to the Water Statistics report. We recalculated the total water consumed versus the water billed and determined the nonaccount factor. See Exhibit 1 attached.*

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the Authority's compliance with Section 2.4(g) of the Rhode Island Water Resources Board Public Drinking Water Protection Program for the year ended June 30, 2014. 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.

This report is intended solely for the information and use of the Members of the Board and management of the Authority, and is not intended to be and should not be used by anyone other than these specified parties.

Marcum LLP

Providence, Rhode Island
December 9, 2014

KENT COUNTY WATER AUTHORITY
 Water Resources Board Public Drinking
 Water Protection Surcharge Activity
 Year ended June 30, 2014

Actual Clinton Avenue water billed	1,838,639,360 gallons
Actual Quaker Lane water billed	564,908,765 gallons
Actual Oaklawn Avenue water billed	<u>77,257,861 gallons</u>
Total Providence Water Supply Board	2,480,805,986 gallons
Actual Kent County Water Authority produced	<u>296,214,000 gallons</u>
Total water usage	<u><u>2,777,019,986 Gallons</u></u>

	Providence Water Supply Board	Kent County Water Authority
Total water protection charges billed	\$ 657,300	\$ 657,300
% of supply	<u>89.3%</u>	<u>10.7%</u>
	\$ 586,969	\$ 70,331
% due to the Water Resources Board, as required by Title 46-153-9	<u>36.10%</u>	<u>36.10%</u>
	\$ 211,896	\$ 25,390
Amount remitted	\$ 177,935	\$ 59,350
Amount due (prepaid)	<u>\$ 33,961</u>	<u>\$ (33,961)</u>

Total water usage	2,777,019,986 gallons
Total water billed	<u>2,373,861,885 gallons</u>
Unmetered water usage	<u>35,130,000 gallons</u>
	<u>2,408,991,885 gallons</u>
Difference in water produced versus billed	<u><u>368,028,101 gallons</u></u>

Thus, approximately 89% of the water billed by Providence Water Supply Board is sold to Kent County Water Authority customers.

KENT COUNTY WATER AUTHORITY
 Selected Customer Invoices Tested
 Year ended June 30, 2014

	<u>Customer Number</u>	<u>Recorded Revenue</u>
1	102024	\$ 1,564.60
2	103665	\$ 351.40
3	105158	\$ 764.04
4	105668	\$ 180.42
5	106689	\$ 190.87
6	107513	\$ 130.67
7	108330	\$ 1,602.02
8	109131	\$ 391.62
9	109858	\$ 786.00
10	110683	\$ 201.32
11	111558	\$ 238.54
12	112670	\$ 152.55
13	113296	\$ 442.57
14	114494	\$ 341.95
15	115341	\$ 1,162.32
16	116041	\$ 277.62
17	116721	\$ 152.55
18	200776	\$ (556.21)
19	203059	\$ 356.55
20	206302	\$ 177.76
21	202261	\$ 473.01
22	204166	\$ 249.02
23	305171	\$ 228.02
24	305703	\$ 151.80
25	306289	\$ 184.47
26	306816	\$ 328.99
27	307275	\$ 431.57
28	307764	\$ 260.68
29	308373	\$ 281.96
30	308839	\$ 241.51
31	309354	\$ 407.68
32	309855	\$ 347.79
33	310365	\$ 297.90
34	310890	\$ 394.65
35	311422	\$ 361.84
36	311942	\$ 557.97
37	312411	\$ 1,483.45
38	312942	\$ 666.85
39	311523	\$ 675.88
40	313926	\$ 1,289.44

See accompanying report of independent accountants on applying agreed-upon procedures