



Mary Taylor, CPA
Auditor of State

**WEST MALTA RURAL WATER DISTRICT
MORGAN COUNTY**

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Mary Taylor, CPA
Auditor of State

West Malta Rural Water District
Morgan County
P.O. Box 185
Malta, Ohio 43758

To the Commission:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statement due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statement in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statement presents are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statement you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 16, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

West Malta Rural Water District
Morgan County
P.O. Box 185
Malta, Ohio 43758

To the Commission:

We have audited the accompanying financial statement of the West Malta Rural Water District, Morgan County, Ohio (the Water District), as of and for the year ended December 31, 2009. This financial statement is the responsibility of the Water District's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Water District has prepared this financial statement using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statement of the variances between these regulatory accounting practices and GAAP, we presume they are material.

GAAP require presenting entity-wide statements. While the Water District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require water districts to reformat their statements. The Water District has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statement referred to above for the year ended December 31, 2009 does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Water District as of December 31, 2009, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance of the West Malta Rural Water District, Morgan County, Ohio, as of December 31, 2009, and its cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

The Water District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2010, on our consideration of the Water District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the Water District's financial statement. The Federal Awards Expenditures Schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statement. We subjected the Federal Awards Expenditures Schedule to the auditing procedures applied in the audit of the financial statement. In our opinion, this information is fairly stated, in all material respects, in relation to the financial statement taken as a whole.



Mary Taylor, CPA
Auditor of State

August 16, 2010

**WEST MALTA RURAL WATER DISTRICT
MORGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2009**

Operating Cash Receipts:	
Charges for Services	\$7,201
Tap Fees	<u>1,350</u>
Total Operating Cash Receipts	<u>8,551</u>
Operating Cash Disbursements:	
Utilities	1,148
Water Purchase	1,611
Contract Services	8,887
Office Supplies	218
Insurance	2,983
Miscellaneous	<u>129</u>
Total Operating Cash Disbursements	<u>14,976</u>
Operating Income	<u>(6,425)</u>
Non-Operating Cash Receipts:	
Intergovernmental Revenues	697,793
Other Non-Operating Revenues	<u>308,431</u>
Total Non-Operating Cash Receipts	<u>1,006,224</u>
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements (Construction Related)	<u>776,219</u>
Total Non-Operating Cash Disbursements	<u>776,219</u>
Net Receipts Over Disbursements	223,580
Cash Balance, January 1	<u>39,971</u>
Cash Balance, December 31	<u><u>\$263,551</u></u>

The notes to the financial statement are an integral part of this statement.

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**WEST MALTA RURAL WATER DISTRICT
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges for the West Malta Rural Water District, Morgan County, Ohio (the Water District), as a body corporate and politic. The Water District was established as a separate political subdivision of the State of Ohio under provisions of Chapter 6119 of the Ohio Revised Code. Until construction is completed, the affairs of the Water District shall be conducted by a ten-member Commission. After construction is completed, the affairs of the Water District shall be conducted by a three-member Board of Trustees. The Board members are appointed by the Morgan County Common Pleas Court Judge. The Water District will then provide water services to residents of the Water District.

The Water District's management believes this financial statement presents all activities for which the Water District is financially accountable.

B. Accounting Basis

This financial statement follows the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Water District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Budgetary Process

The Ohio Revised Code requires the Water District to budget annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function level of control, and appropriations may not exceed estimated resources. Appropriation authority includes current year appropriations plus encumbrances carried over from the prior year (if any). The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1.

3. Encumbrances

The Ohio Revised Code requires the Water District to reserve (encumber) appropriations when commitments are made.

A summary of 2009 budgetary activity appears in Note 3.

**WEST MALTA RURAL WATER DISTRICT
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Property, Plant, and Equipment

The Water District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

2. DEPOSITS

The Water District may invest in certificates of deposit, notes, bonds, or other obligations of the United States, or any agency or instrumentality thereof, or in obligations of the State or any political subdivision thereof.

The carrying amount of deposits at December 31 was as follows:

Demand deposits	2009
	\$263,551

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institutions public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2009, follows:

2009 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$0	\$1,014,775	\$1,014,775

2009 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$0	\$791,195	(\$791,195)

Contrary to Ohio law, the Water District did not adopt budgeted receipts or appropriations. Also contrary to Ohio law, budgetary expenditures exceeded the Water District's appropriation authority by \$791,195 for the year ended December 31, 2009.

**WEST MALTA RURAL WATER DISTRICT
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2009
(Continued)**

4. DEBT

Debt outstanding at December 31, 2009, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA	\$940,708	4.52%
OPWC	646,808	0.00%
Total	<u>\$1,587,516</u>	

The Water District borrowed funds from the Ohio Water Development Authority (OWDA) in July of 2007 for the construction of the water distribution system. The OWDA has approved up to \$944,000 in loans to the Water District for this project. The loan will be repaid in semiannual installments in July and January of each year. As of December 31, 2009, the Water District had received \$940,708 from OWDA. Repayment of this debt will begin once the project is completed. An amortization schedule will be prepared to reflect any revisions in amounts actually borrowed. The loan is collateralized by water receipts. The Water District has agreed to set utility rates sufficient to cover OWDA debt service requirements. Amortization of the above debt will not be processed until the construction phase is completed.

The Ohio Public Works Commission (OPWC) loan #CR25J relates to the construction of a water system distribution project. The OPWC has approved up to \$1,198,611 in loans to the Water District for this project. The loan will be repaid in semiannual installments in July and January of each year. As of December 31, 2009, the Water District had received \$646,808 from OPWC. Repayment of this debt will begin once the project is completed. An amortization schedule will be prepared to reflect any revisions in amounts actually borrowed. The loan is collateralized by water receipts. The Water District has agreed to set utility rates sufficient to cover OPWC debt service requirements.

5. RISK MANAGEMENT

Commercial Insurance

The Water District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.

6. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Water District are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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**WEST MALTA RURAL WATER DISTRICT
MORGAN COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2009**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
<i>Direct Award</i>			
Water and Waste Disposal Systems for Rural Communities	N/A	10.760	<u>\$313,016</u>
Total U.S. Department of Agriculture			<u>313,016</u>
APPALACHIAN REGIONAL COMMISSION			
<i>Direct Award</i>			
Appalachian Area Development	N/A	23.002	<u>273,120</u>
Total Appalachian Regional Commission			<u>273,120</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Direct Award</i>			
Community Development Block Grants/State's Program	B-W-06-053-1	14.228	<u>10,000</u>
Total U.S. Department of Housing and Urban Development			<u>10,000</u>
Total Federal Awards Expenditures			<u><u>\$596,136</u></u>

The Notes to the Federal Awards Expenditures Schedule are an integral part of this Schedule.

**WEST MALTA RURAL WATER DISTRICT
MORGAN COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2009**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the West Malta Rural Water District's (the Water District's) federal award programs disbursements. The Schedule has been prepared on the cash basis of accounting.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

West Malta Rural Water District
Morgan County
P.O. Box 185
Malta, Ohio 43758

To the Commission:

We have audited the financial statement of the West Malta Rural Water District, Morgan County, Ohio (the Water District), as of and for the year ended December 31, 2009, and have issued our report thereon dated August 16, 2010, wherein we noted the Water District prepared its financial statement using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Water District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statement, but not for the purpose of opining on the effectiveness of the Water District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Water District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings, we identified a certain deficiency in internal control over financial reporting that we consider a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-004 described in the accompanying Schedule of Findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Water District's financial statement is free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2009-001 through 2009-004.

We also noted certain matters not requiring inclusion in this report that we reported to the Water District's management in a separate letter dated August 16, 2010.

We intend this report solely for the information and use of management, the Commission, federal awarding agencies and others within the Water District. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 16, 2010



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

West Malta Rural Water District
Morgan County
P.O. Box 185
Malta, Ohio 43758

To the Commission:

Compliance

We have audited the compliance of the West Malta Rural Water District, Morgan County, Ohio (the Water District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended December 31, 2009. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the Water District's major federal program. The Water District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Water District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Water District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Water District's compliance with those requirements.

In our opinion, the Water District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2009.

Internal Control over Compliance

The Water District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Water District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Water District's internal control over compliance.

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West Malta Rural Water District
Morgan County
Independent Accountants' Report on Compliance with
Requirements to Each Major Federal Program
and on Internal Control Over Compliance in Accordance
with OMB Circular A-133

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of management, the Commission, and the federal awarding agencies. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

August 16, 2010

**WEST MALTA RURAL WATER DISTRICT
MORGAN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2009**

1. SUMMARY OF AUDITOR'S RESULTS		
(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Water and Waste Disposal Systems for Rural Communities CFDA #10.760
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**WEST MALTA RURAL WATER DISTRICT
MORGAN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2009
(Continued)**

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2009-001

Noncompliance Citation

According to Ohio Rev. Code Section 5705.28(B)(2)(b), although a taxing unit that does not levy a tax is not a taxing unit for purposes for Ohio Rev. Code Chapter 5705, a water district is still required to follow these Ohio Rev. Code Sections: 5705.36, 5705.38, 5705.40, 5705.41, 5705.43, 5705.44 and 5705.45. These Sections separately require the Water District to, in part: certify beginning balances on or about the first day of each fiscal year, certify revenue available for appropriation, adopt appropriations within available resources, certify the availability of funds prior to incurring obligations, and limit expenditures to appropriations for each fund. However, documents prepared in accordance with such sections are not required to be filed with the County Auditor or County Budget Commission.

Ohio Rev. Code Section 5705.36(A)(1) states on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit is to certify the total amount from all sources available for expenditures from each fund set up in the tax budget.

Ohio Rev. Code Section 5705.36(A)(2) allows all subdivisions to increase estimated resources and reduce estimated resources upon determination by the fiscal officer that revenue to be collected will be greater or less than the original amount of estimated resources approved by the legislative authority.

Ohio Rev. Code Section 5705.36(A)(3) requires increasing estimated resources if the legislative authority intends to appropriate and expend excess revenue.

Ohio Rev. Code Section 5705.36(A)(4) requires reducing estimated resources if the amount of the deficiency will reduce available resources below the current level of appropriation.

Ohio Rev. Code Section 5705.36(A)(5) requires that the total appropriations made during a fiscal year from any fund must not exceed the amount contained in the estimated resources which was certified prior to making the appropriation or supplemental appropriation.

The Treasurer did not certify the total amount from all sources available for expenditures on or about the first day of the fiscal year to present to the Commission for their approval. The Commission did not formally approve any budgetary documentation, although an operating budget was prepared by the Commission Secretary during 2009. Preparing estimated resources adopted by the Commission serves as a budgetary tool of the amount available for the Water District to spend during the year.

We recommend the Treasurer prepare the total amount from all sources available for expenditures on or about the first day of the fiscal year and have the Commission approve the estimated resources in the minutes. We further recommend the Treasurer amend estimated resources as needed and have the Commission approve the amendments in the minutes.

**WEST MALTA RURAL WATER DISTRICT
MORGAN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2009
(Continued)**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2009-002

Noncompliance Citation

Ohio Rev. Code Section 5705.38(A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed.

The Commission did not adopt an appropriation measure for the period under audit. This caused a lack of budgetary control by the Commission.

We recommend that, on or about the first day of each fiscal year, the Commission adopt an appropriation measure.

FINDING NUMBER 2009-003

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) provides that no subdivision or taxing unit is to expend money unless it has been appropriated.

The Commission did not adopt appropriations during the audit period. Therefore, expenditures exceeded appropriations at December 31, 2009 in the following amount:

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Enterprise Fund	\$ 0	\$ 791,195	\$ (791,195)

This resulted in the Commission spending more than was appropriated. In addition, this could result in a negative fund balance.

We recommend the Commission adopt appropriations and monitor its appropriations and expenditures to ensure that expenditures do not exceed appropriations at the legal level of control.

FINDING NUMBER 2009-004

Noncompliance Citation and Material Weakness

Ohio Admin. Code Section 117-2-02(D) provides that 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 the following:

- (1) Cash journal, which typically contains the following information: The amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to properly classify the transaction.

**WEST MALTA RURAL WATER DISTRICT
MORGAN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2009
(Continued)**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2009-004 (Continued)

Ohio Admin. Code Section 117-2-02(D) (Continued)

- (2) Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses. The amount, date, name of the payor, purpose, receipt number, and other information required for the transactions can be recorded on this ledger.

- (3) 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, uncommitted balance of appropriations, and any other information required may be entered in the appropriate columns.

The Water District maintained a manual cashbook as their sole accounting record. However, it only included financial activity for the Water District's checking account. Ohio Public Works Commission (OPWC) and Community Development Block Grant (CDBG) grant activity amounting to \$111,652 spent on behalf of the Water District, was not recorded in the manual cashbook. This resulted in the ledgers not supporting the financial statements.

We recommend the Water District establish and maintain the required cash journal, receipts ledger, and appropriation ledger in compliance with the Ohio Admin. Code.

Officials' Response: We did not receive a response from Officials to the findings reported above.

3. FINDINGS AND FOR FEDERAL AWARDS

None.

**WEST MALTA RURAL WATER DISTRICT
MORGAN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315 (b)
DECEMBER 31, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	A noncompliance citation was issued under various segments of Ohio Rev. Code Section 5705 for following budgetary practices.	No	Re-issued as Finding Number 2009-001.
2008-002	A noncompliance citation was issued under Ohio Rev. Code Section 5705.38(A) for not adopting appropriations.	No	Re-issued as Finding Number 2009-002.
2008-003	A noncompliance citation was issued under Ohio Rev. Code Section 5705.41(B) for expenditures exceeding appropriations.	No	Re-issued as Finding Number 2009-003.
2008-004	A noncompliance citation was issued under Ohio Rev. Code Section 5705.41(D)(1) for not properly certifying the availability of funds.	Yes	
2008-005	A noncompliance citation and significant deficiency under OAC 117-2-02(D) was issued since the Water District maintains a manual cashbook as their sole accounting record.	No	Re-issued as Finding Number 2009-004.



Mary Taylor, CPA
Auditor of State

WEST MALTA RURAL WATER DISTRICT

MORGAN 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
SEPTEMBER 21, 2010**