

**YORK TOWNSHIP WATER AUTHORITY
BELMONT COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

Perry & Associates
Certified Public Accountants, A.C.



Mary Taylor, CPA
Auditor of State

Board of Trustees
York Township Water Authority
54775 Mt. Victory Road
Powhatan Point, Ohio 43942

We have reviewed the *Independent Accountants' Report* of York Township Water Authority, Belmont County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State 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 statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. York Township Water Authority is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 14, 2009

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**YORK TOWNSHIP WATER AUTHORITY
BELMONT COUNTY**

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Perry & Associates
Certified Public Accountants, A.C.

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056

INDEPENDENT ACCOUNTANTS' REPORT

July 31, 2009

Board of Trustees
York Township Water Authority
54775 Mt. Victory Road
Powhatan Point, Ohio 43942

To the Board of Trustees:

We have audited the accompanying financial statements of **York Township Water Authority, Belmont County, Ohio**, (the Authority) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements 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 obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Authority has prepared these financial statements 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 statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

While the Authority 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 Authorities to reformat their statements. The Authority 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 statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Authority as of December 31, 2008 and 2007 or their changes in financial position or cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of York Township Water Authority, Belmont County, Ohio, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Authority 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 July 31, 2009, on our consideration of the Authority'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.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C

**YORK TOWNSHIP WATER AUTHORITY
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007**

	2008	2007
Operating Cash Receipts:		
Charges for Services	\$ 98,155	\$ 102,417
Total Operating Cash Receipts	98,155	102,417
Operating Cash Disbursements:		
Salaries	16,462	16,035
Transmission and Distribution	2,073	3,014
Treatment	652	772
Water Purchases	34,324	42,287
Administrative and General	8,343	12,643
Capital Outlay	11,678	-
Total Operating Cash Disbursements	73,532	74,751
Operating Cash Receipts Over Operating Cash Disbursements	24,623	27,666
Non-Operating Cash Receipts/(Disbursements):		
Interest Income	679	940
Debt Service:		
Principal	-	(3,621)
Interest Expense	-	(71)
Total Non-Operating Cash Receipts/(Disbursements)	679	(2,752)
Excess of Cash Receipts Over (Under) Cash Disbursements	25,302	24,914
Fund Balance, January 1	75,937	51,023
Fund Balance, December 31	\$ 101,239	\$ 75,937

See accompanying notes to the financial statements.

**YORK TOWNSHIP WATER AUTHORITY
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The York Township Water Authority, Belmont County, (the Authority) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Authority is directed by a five member Board of Trustees appointed by the Belmont County Common Pleas Court Judge. The Authority provides water utility services to the residents of York Township, Belmont County.

The Authority's management believes these financial statements present all activities for which the Authority is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The Authority Treasurer invests all available funds of the Authority in an Operating checking account, a Reserve Account, and Certificates of Deposit. Certificates of Deposit are valued at cost.

D. Fund Accounting

The Authority uses fund accounting to segregate cash that is restricted as to use. The Authority classifies its funds into the following types:

Proprietary Fund Type

Enterprise Fund

This fund accounts for operations that are similar to private business enterprises where management intends to recover the significant costs of providing certain goods or services through user charges.

**YORK TOWNSHIP WATER AUTHORITY
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that the Authority adopt an annual budget.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments.

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 Authority to reserve (encumber) appropriations when commitments are made.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. EQUITY IN POOLED CASH

The Authority maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>2008</u>	<u>2007</u>
Demand deposits	\$ 95,899	\$ 70,748
Certificates of Deposit	5,340	5,189
Total deposits	<u>\$ 101,239</u>	<u>\$ 75,937</u>

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool..

**YORK TOWNSHIP WATER AUTHORITY
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(CONTINUED)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2008 and 2007 follows:

Budgeted vs. Actual Receipts			
Year	Budgeted Receipts	Actual Receipts	Variance
2008	\$ 101,080	\$ 98,834	\$ 2,246
2007	\$ 97,050	\$ 103,357	\$ (6,307)

Year	Authority	Expenditures	Variance
2008	\$ 86,059	\$ 73,532	\$ 12,527
2007	\$ 78,450	\$ 78,443	\$ 7

4. DEBT

During 2003, the Authority took out a note payable in the amount of \$10,030 to perform work on the water system. The agreement was for five annual payments at an interest rate of 5.34%. The Authority paid off the note balance during the audit period.

5. RETIREMENT SYSTEMS

The Authority's appointed officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multi-employer plan. This plan provides retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2008 and 2007, members of PERS contributed 10% (2008) and 9.5% (2007) of their gross salaries. The Authority contributed an amount equal to 14% (2008) and 13.85% (2007) of participants' gross salaries. The Authority has paid all contributions required through December 31, 2008.

6. COMMITMENTS AND CONCENTRATIONS

The Authority has entered into a Water Purchase Contract with the Village of Powhatan Point, Ohio. The contract provides that the Village will deliver water to the Authority. The term of the contract is twenty years from January 1, 2000 to January 1, 2020. The rates to be paid for the delivered water are as follows:

01/01/07 to 12/31/09	\$3.35 per 1,000 gallons
01/01/10 to 12/31/14	\$3.90 per 1,000 gallons
01/01/15 to 12/31/19	\$4.50 per 1,000 gallons

For the years ended December 31, 2008 and 2007, the Authority purchased 100 percent of its water from the Village of Powhatan Point at the rate of \$3.35 per 1,000 gallons.

**YORK TOWNSHIP WATER AUTHORITY
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(CONTINUED)**

7. RISK MANAGEMENT

The Authority has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.
- Official's and Employee's Dishonesty Bonds
- Vehicles

Claims have not exceeded coverage for the last three years, and there has been no material reduction in coverage during the last three years.

Perry & Associates
Certified Public Accountants, A.C.

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056

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

July 31, 2009

York Township Water Authority
Belmont County
54775 Mt. Victory Road
Powhatan Point, OH 43942

To the Board of Trustees:

We have audited the financial statements of **York Township Water Authority, Belmont County, Ohio** (the Authority) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated July 31, 2009, wherein we noted the Authority followed accounting practices the Auditor of State prescribes 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 Authority's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Authority'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 discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Authority's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider findings 2008-001 through 2008-003 described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

Internal Control Over Financial Reporting (Continued)

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Authority's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. Of the significant deficiencies described above, we believe finding 2008-002 is also a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Authority's financial statements are 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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as 2008-001.

We intend this report solely for the information and use of Authority management and the Board of Trustees. We intend it for no one other than these specified parties.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

**YORK TOWNSHIP WATER AUTHORITY
BELMONT COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008-001

Significant Deficiency / Noncompliance Citation

Ohio Rev. Code Sections 121.22 and 149.43 when read together, impose duty on the board to maintain full and accurate record of their proceedings. Every public body shall, by rule, establish a reasonable method by whereby any person may determine the time and place of all regularly scheduled meetings and the time, place, and purpose of all special meetings. A public body shall not hold a meeting unless it gives at least twenty-four hours advance notice to the news media that have requested notification, except in event of an emergency requiring immediate official action. In the event of an emergency, the member or members calling the meeting shall notify the news media.

The Authority supplied no evidence that they had notified the public, through the media or any other source, of their meeting times, dates or places. In addition, there were no minutes available for 2007 and the first half of 2008.

We recommend the Authority establish a reasonable method whereby any person may determine the time and place of all regularly scheduled meetings and the time, place, and purpose of all special meetings. We also recommend the Authority promptly record the minutes of all meetings of the Trustees. The Authority should ensure that detailed and accurate minutes are maintained for each meeting, and be able to provide those to members of the public upon request.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2008-002

Significant Deficiency / Material Weakness

Bank Reconciliations

The Clerk/Treasurer did not prepare accurate monthly reconciliations of bank balances to book balances. Outstanding checks and deposits in transit were detailed to enable a proper reconciliation to be performed. However, the bank reconciliation that was performed did not utilize the accurate book balances. The lack of proper reconciliations among the bank statements, cashbook and ledgers resulted in numerous error. The Clerk/Treasurer was able to correct the errors and provide accurate records.

We recommend the Clerk/Treasurer prepare detailed bank reconciliations that include all bank account balances being reconciled to total fund balances. Copies of bank reconciliations should be presented to the Board for the Board's review and use in managing the Authority. The Clerk/Treasurer should ensure that the correct book balances are being utilized to enable a proper and accurate reconciliation.

Management's Response – We did not receive a response from officials to this finding.

**YORK TOWNSHIP WATER AUTHORITY
BELMONT COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008-003

Significant Deficiency

Posting Expenditures

Expenditures should be posted to the fund and line item accounts as established by Ohio Administrative Code.

During 2008 and 2007, debt expenditures were not posted into accurate classifications based on the source of the expenditure. They were not separated into principal and interest payments.

Not posting expenditures accurately resulted in the financial statements requiring adjustment. The financial statements reflect all reclassifications.

We recommend the Clerk-Treasurer refer to Ohio Administrative Code Section 117-7-01 for guidance to determine the proper establishment of receipt and expenditure accounts and posting of receipts and expenditures.

Management's Response – We did not receive a response from officials to this finding.



Mary Taylor, CPA
Auditor of State

YORK TOWNSHIP WATER AUTHORITY

BELMONT 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 24, 2009**