



Dave Yost • Auditor of State

**TWIN KEYSTONE WATER DISTRICT
SUMMIT COUNTY
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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Twin Keystone Water District
Summit County
8460 Tower Park Drive
Twinsburg, Ohio 44087

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Twin Keystone Water District, Summit County, (the District) as of and for the years ended December 31, 2012 and 2011.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2012 and 2011, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Twin Keystone Water District, Summit County as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2013, on our consideration of the 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

June 4, 2013

**TWIN KEYSTONE WATER DISTRICT
SUMMIT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise (Capital and Operating)	Agency (Escrow)	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 127,820	\$ -	\$ 127,820
Interest	35	-	35
Licenses, Permits and Fees	19,971	-	19,971
<i>Total Operating Cash Receipts</i>	<u>147,826</u>	<u>-</u>	<u>147,826</u>
Operating Cash Disbursements			
Compensation of Board Members	3,200	-	3,200
Accounting and Legal Services	41,503	-	41,503
Engineering Services	9,750	-	9,750
Other - Professional & Technical Services	18,932	-	18,932
Rents and Leases	11,250	-	11,250
Telephone	172	-	172
Advertising	71	-	71
Postal Machine Rent	180	-	180
Electricity	960	-	960
Contracted Services	131	-	131
Other - Insurance and Bonding	7,195	-	7,195
Office Supplies	536	-	536
Compensation and Damages	223	-	223
Debt Service - Principal	53,599	-	53,599
Debt Service - Interest	34,984	-	34,984
Other Financing Uses	22,954	-	22,954
<i>Total Operating Cash Disbursements</i>	<u>205,640</u>	<u>-</u>	<u>205,640</u>
<i>Operating (Loss)</i>	(57,814)	-	(57,814)
Non-Operating Cash Receipts (Disbursements)			
Deposits	-	14,004	14,004
Engineering Services	-	(6,020)	(6,020)
Refunds	(24,446)	(59,946)	(84,392)
<i>Total Non-Operating Cash (Disbursements)</i>	<u>(24,446)</u>	<u>(51,962)</u>	<u>(76,408)</u>
<i>Net Change in Fund Cash Balances</i>	(82,260)	(51,962)	(134,222)
<i>Fund Cash Balances, January 1</i>	<u>376,979</u>	<u>59,706</u>	<u>436,685</u>
<i>Fund Cash Balances, December 31</i>	<u><u>294,719</u></u>	<u><u>7,744</u></u>	<u><u>302,463</u></u>

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

**TWIN KEYSTONE WATER DISTRICT
SUMMIT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise (Capital and Operating)	Agency (Escrow)	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 164,647	\$ -	\$ 164,647
Interest	331	-	331
Licenses, Permits and Fees	6,203	-	6,203
<i>Total Operating Cash Receipts</i>	<u>171,181</u>	<u>-</u>	<u>171,181</u>
Operating Cash Disbursements			
Compensation of Board Members	2,240	-	2,240
Accounting and Legal Services	4,900	-	4,900
Auditing Services	5,088	-	5,088
Engineering Services	9,000	-	9,000
Other - Professional & Technical Services	36,760	-	36,760
Rents and Leases	10,971	-	10,971
Telephone	2,109	-	2,109
Postal Machine Rent	720	-	720
Electricity	3,080	-	3,080
Office Supplies	3,721	-	3,721
Debt Service - Principal	51,527	-	51,527
Debt Service - Interest	37,056	-	37,056
Other Financing Uses	14,378	-	14,378
<i>Total Operating Cash Disbursements</i>	<u>181,550</u>	<u>-</u>	<u>181,550</u>
<i>Operating (Loss)</i>	(10,369)	-	(10,369)
Non-Operating Cash Receipts (Disbursements)			
Deposits	-	1,000	1,000
Engineering Services	-	(373)	(373)
<i>Total Non-Operating Cash Receipts</i>	<u>-</u>	<u>627</u>	<u>627</u>
<i>Net Change in Fund Cash Balances</i>	(10,369)	627	(9,742)
<i>Fund Cash Balances, January 1</i>	<u>387,348</u>	<u>59,079</u>	<u>446,427</u>
<i>Fund Cash Balances, December 31</i>	<u><u>376,979</u></u>	<u><u>59,706</u></u>	<u><u>436,685</u></u>

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

TWIN-KEYSTONE WATER DISTRICT
SUMMIT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Note 1: Summary of Significant Accounting Policies

A. Description of the Entity

The Twin-Keystone Water District, Summit County (the "District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District was established in 1966 per Chapter 6119 of the Ohio Revised Code as a regional water and sewer district, per a petition submitted by the Twinsburg Township Board of Trustees. The District is governed by a series of Summit County Common Pleas Court Orders issued in 1966, 1967, 1968, 1970, 1979, 2006, and 2012. The District is directed by a Board of Trustees that, per the 2012 District Court Order, is in the process of transitioning from a publicly-elected, seven-member Board of Trustees to an appointed five-member Board of Trustees with two appointed alternates. The District's primary purpose is to provide a public water supply to the District. The District owns and maintains water lines throughout the District and currently contracts with the City of Cleveland to supply the water that flows through those lines. The District first contracted with the City of Cleveland in 1968, and then entered into a new contract with Cleveland in 1982. The District's Board of Trustees believes these financial statements present all activities of the District for which the District is responsible.

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 disclosures of material matters, as prescribed or permitted by the Auditor of State.

C. Deposits and Investments

The District holds no investments. They maintain an interest bearing checking account. Interest earned is recognized and recorded when received

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

Proprietary Fund Types

Enterprise Fund (Capital and Operating Funds): The Capital Fund includes resources set aside by the District Board for use on future capital projects. Proceeds deposited into the Capital Fund include property owner charges and budgeted Operating Fund transfers. The Operating Fund is the general operating fund of the District. The Operating Fund is used to account for all financial resources except those required to be accounted for in another fund.

TWIN-KEYSTONE WATER DISTRICT
SUMMIT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Fiduciary Fund (Escrow Fund): The Escrow Fund is purely custodial in nature and is used to hold resources for project applicants, including individuals, organizations or other governments. The District's agency fund accounts for monies held in escrow for project plan review and inspection services.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations

Budgetary expenditures (i.e., disbursements and encumbrances) may not exceed appropriations at the fund, function, or object level of control and appropriations may not exceed estimated resources. The District Board must annually approve the appropriation measure and subsequent amendments. Appropriations by fund must be within the estimated resources as certified by the District Treasurer, and the total of expenditures and encumbrances may not exceed the appropriations at any level of control. Any revisions that alter the appropriations among departments within a fund must first be approved by the District Board. The District Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources. Unencumbered appropriations lapse at year end.

Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated. A summary of 2012 and 2011 budgetary activity appears in Note 3.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The District Treasurer must also approve estimated resources.

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. Depreciation is not recorded for these fixed assets.

G. Total columns on the Financial Statements

Amounts in the "Totals (Memorandum Only)" columns of the financial statements represent a summation of the financial statements line items of the fund types and account groups. These amounts are presented for analytical purposes only. This data is not comparable to a consolidation. Interfund type eliminations have not been made in the aggregation of this data.

TWIN-KEYSTONE WATER DISTRICT
SUMMIT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Note 2: Deposits and Investments

The District maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amounts of the District's cash and investments at December 31, 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
Demand deposits	<u>\$ 302,463</u>	<u>\$ 436,685</u>

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the District Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Note 3: Budgetary Activity

Budgetary activity for the years ended December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts

Fund type	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
Enterprise (Capital and Operating)	\$ 140,000	\$ 147,826	\$ 7,826
Agency (Escrow)	<u>15,000</u>	<u>14,004</u>	<u>(996)</u>
Total	<u>\$ 155,000</u>	<u>\$ 161,830</u>	<u>\$ 6,830</u>

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund type	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Enterprise (Capital and Operating)	\$ 233,566	\$ 230,086	\$ 3,480
Agency (Escrow)	<u>73,715</u>	<u>65,966</u>	<u>7,749</u>
Total	<u>\$ 307,281</u>	<u>\$ 296,052</u>	<u>\$ 11,229</u>

2011 Budgeted vs. Actual Receipts

Fund type	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
Enterprise (Capital and Operating)	\$ 170,000	\$ 171,181	\$ 1,181
Agency (Escrow)	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Total	<u>\$ 171,000</u>	<u>\$ 172,181</u>	<u>\$ 1,181</u>

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund type	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Enterprise (Capital and Operating)	\$ 173,627	\$ 181,550	\$ (7,923)
Agency (Escrow)	<u>373</u>	<u>373</u>	<u>0</u>
Total	<u>\$ 174,000</u>	<u>\$ 181,923</u>	<u>\$ (7,923)</u>

TWIN-KEYSTONE WATER DISTRICT
SUMMIT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Note 4: Risk Management

The District is exposed to various risks of loss related torts, theft of, damage to, destruction of assets, errors and omissions, injuries to persons, and natural disasters. During 2012 the District was covered by comprehensive property and liability insurance. During 2011 the District was not covered by any insurance. In addition, during the period covered by this audit, the District bonded the District Treasurer (2012 and 2011), District Administrator (2012), and District Assistant Secretary/Bookkeeper (2011).

Note 5: Ohio Water Development Authority (OWDA) - Debt

The District entered into design and construction loan agreements with OWDA pertaining to the Marwell/Twinsburg Road Water Main. The design loan was authorized on May 29, 2003 and in 2004 was rolled into the construction loan. The construction loan, with a 20-year term and an interest rate of 3.98 percent, was authorized on June 24, 2004, with an initial combined balance outstanding of \$1,213,741 and first and last payment due on July 1, 2005 and January 1, 2025, respectively.

	Balance Outstanding			Balance Outstanding
Debt	01/01/2012	Additions	Deletions	12/31/2012
Marwell/Twinsburg Road Water Main	\$ 892,272	-	\$ 53,599	\$ 838,673

	Balance Outstanding			Balance Outstanding
Debt	01/01/2011	Additions	Deletions	12/31/2011
Marwell/Twinsburg Road Water Main	\$ 943,799	-	\$ 51,527	\$ 892,272

Amortization of the above debt, including interest, is scheduled as follows:

<u>Years</u>	<u>Principal and Interest</u>
2013	\$ 88,583
2014	\$ 88,583
2015	\$ 88,583
2016	\$ 88,583
2017	\$ 88,583
2018-2022	\$ 442,914
2023-2024	\$ 177,166
Total	<u>\$1,062,995</u>

Note 6: Legal Compliance

In 2012, per ORC 5705.28 requiring the District to follow ORC 5705.41(D)(1), the District issued purchase orders, and the Treasurer certified orders and contracts involving expenditure of funds. In 2011, contrary to ORC 5705.28 requiring the District to follow ORC 5705.41(D)(1), the District did not issue purchase orders, and the Treasurer did not certify any order or contract involving expenditure of funds.

TWIN-KEYSTONE WATER DISTRICT
SUMMIT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Note 7: Subsequent Events/Pending Litigation

Management believes that there are no pending claims or lawsuits.

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

Twin Keystone Water District
Summit County
8460 Tower Park Drive
Twinsburg, Ohio 44087

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Twin-Keystone Water District, Summit County, (the District) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated June 4, 2013, wherein we noted the District followed accounting financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, described in Note 1.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the District'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, opining 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 we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2012-01.

Entity's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

June 4, 2013

**TWIN KEYSTONE WATER DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Clerk's Certificate and Expenditures

Finding Number	2012-01
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NONCOMPLIANCE

Ohio Rev. Code Section 5705.28 requires the District to follow Ohio Rev. Code Section 5705.41(D)(1) providing no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision stating the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

"Then and Now" Certificate – If the fiscal officer can certify both at the time the contract or order was made ("then"), and at the time the fiscal officer is completing the certification ("now"), sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the District can authorize the drawing of a warrant for the payment of the amount due. The District has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the District.

Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

Super Blanket Certificate – The District may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

In 2011, no purchase orders were issued for expenditures of the District, which was also noted in the prior audit. However, following changes in the makeup of the District Board in 2012 the District began to properly certify expenditures and all 2012 purchase orders reviewed as part of testing, were properly certified. Therefore, 15 out of 29 non-payroll expenditures tested as part of this audit were not certified prior to incurring the obligation, with all non-certified expenditures having occurred in 2011. It was also found none of the exceptions above were utilized for the items found to be in non-compliance. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balance.

Unless the exceptions noted above are used, prior certification is not only required by statute, but is a key control in the disbursement process to assure purchase commitments received prior approval. To improve control over disbursements and to help reduce the possibility of the District's funds exceeding budgetary spending limitations, the Treasurer or District Administrator should certify the funds are or will be available prior to the obligation by the District. When prior certification is not possible, "then and now" certification should be used.

We recommend the District certify all purchases to which section 5705.41(D) applies. The most convenient certification method for recurring expenditures is to use a blanket purchase order that include the certification language 5705.41(D) requires. The Treasurer or Administrator should sign the certification at the time the District incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The District should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Official's Response: As noted above, the District fully corrected this prior audit issue beginning in 2012 and is now fully committed to continuing the procedures that began in 2012.

**TWIN KEYSTONE WATER DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
YEARS ENDING DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-01	Ohio Rev. Code Section 5705.41 (D), No purchase orders were issued for expenditures of the District, failure to certify the availability of funds.	No	Not Corrected, similar comment issued as finding 2012-01.

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TWIN-KEYSTONE WATER DISTRICT

SUMMIT 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
JUNE 18, 2013**