



Dave Yost • Auditor of State

**BUCKEYE WATER DISTRICT
COLUMBIANA COUNTY**

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Dave Yost • Auditor of State

Buckeye Water District
Columbiana County
P.O. Box 105
Wellsville, Ohio 43968

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements 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 statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

January 24, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Buckeye Water District
Columbiana County
P.O. Box 105
Wellsville, Ohio 43968

To the Board of Trustees:

We have audited the accompanying financial statements of Buckeye Water District, Columbiana County, (the District) as of and for the year ended December 31, 2010. These financial statements are the responsibility of the Districts management. Our responsibility is to express an opinion 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 reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the District's larger (i.e. major) funds separately. While the 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 Districts to reformat their statements. The 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 statements referred to above for the year ended December 31, 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2010, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2010 of Buckeye Water District, Columbiana County and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2012, 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. 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.



Dave Yost
Auditor of State

January 24, 2012

**BUCKEYE WATER DISTRICT
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
CASH BALANCES FOR THE YEARS ENDED DECEMBER 31, 2010**

	2010
Operating Cash Receipts:	
Charges for Services	\$3,575,035
Miscellaneous	37,350
	3,612,384
Total Operating Cash Receipts	3,612,384
Operating Cash Disbursements:	
Personal Services	1,086,317
Utilities	246,778
Repairs and Maintenance	88,866
Testing and Licenses	28,917
Other Contractual Services	139,661
Chemicals and Operating Supplies	171,831
Office Supplies and Materials	42,526
Insurance	35,633
Capital Outlay	1,177,844
	3,018,373
Total Operating Cash Disbursements	3,018,373
Operating Income/(Loss)	594,012
Non-Operating Cash Receipts:	
Intergovernmental	226,011
Special Assessments	38,503
Proceeds from Sale of Public Debt:	
Sale of Notes	1,164,433
Interest	15,830
Other Non-Operating Revenues	0
	1,444,777
Total Non-Operating Cash Receipts	1,444,777
Non-Operating Cash Disbursements:	
Debt Service - Principal	738,592
Debt Service - Interest	835,091
Other Non-Operating Cash Disbursements	48,609
	1,622,292
Total Non-Operating Cash Disbursements	1,622,292
Net Receipts Over/(Under) Disbursements	416,497
Cash Balances, January 1	4,099,600
Cash Balances, December 31	\$4,516,097

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

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**BUCKEYE WATER DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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 Buckeye Water District, Columbiana County, (the District) as a body corporate and politic. The District is directed by an appointed nine member Board of Trustees. Three members are appointed by the Columbiana County Board of Commissioners. There members are appointed by the Township Trustees of the townships which comprise part of the District. The other three members are appointed by the Mayor of the Village Council of the Village of Wellsville. Subdivisions within the District are: Village of Wellsville, Madison, Yellow Creek, Salem, and Middletown Townships and the unincorporated portions of Saint Clair and Liverpool Townships. The District provides water services to residents of the District.

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

B. Accounting Basis

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

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The District's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The District values Certificates of Deposit Account Registry Services (CEDARS) at cost.

D. Budgetary Process

The Ohio Revised Code requires the Board to budget annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object 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.

**BUCKEYE WATER DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The District did not encumber all commitments required by Ohio law.

A summary of 2010 budgetary activity appears in Note 3.

E. Property, Plant, and Equipment

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

F. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The District may invest in certificates of deposits, 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 and investments at December 31 was as follows:

	<u>2010</u>
Demand deposits	\$2,311,505
Certificates of Deposit Account Registry Services (CEDARS)	2,204,592
Total deposits	<u><u>\$4,516,097</u></u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the District.

3. RESERVATION OF FUND BALANCE

Of the total cash fund balance of \$4,516,097, \$1,130,672 is reserved for a future construction project being funded by USDA. The District is unsure of the completion date of the construction project. In addition to the amount reserved for the construction project, \$1,894,750 is reserved for debt service, as mandated by the debt covenants for the Water Revenue Bonds.

**BUCKEYE WATER DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(Continued)**

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2010 follows:

2010 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$6,433,208	\$5,057,161	(\$1,376,047)

2010 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$6,625,912	\$4,640,665	\$1,985,247

Contrary to Ohio law, the water district did not certify or record the amount against the applicable appropriation accounts for all disbursements in 2010.

5. DEBT

Debt outstanding at December 31, 2010 was as follows:

	Principal	Interest Rate
Water Revenue Bonds Series 2002	\$1,366,700	4.5%
Water Revenue Bonds Series 2008	\$13,536,400	4.5%
Ohio Water Development Authority (OWDA)	\$12,260,020	2%
Ohio Public Works Loans	\$774,343	0%
Total	\$27,937,463	

The Ohio Public Works Commission (OPWC) Loan #CN901 was assumed from Columbiana County during 2003, which had originally been issued for the Wellsville Water Treatment Plant Improvements. The loan amount was \$268,028 when assumed from the County. Semi-annual payments of \$6,701 are due January 1st and July 1st of each year for 20 years until the maturity date of July 1, 2023. The loan is collateralized solely by the future revenues from the District's water operations.

The Ohio Public Works Commission (OPWC) Loan #CN24G was issued on July 1, 2003 for the State Route 39 Water Main Feeder Project in the amount of \$783,000 for 20 years. Semi-annual payments of \$19,575 are due each year when the project is complete. The loan is collateralized solely by the future revenues from the District's water operations.

Ohio Water Development Authority (OWDA) Water Treatment Plant Loan #4569 was issued for the Water Treatment Plant Project. To date, \$11,659,332.99 has been issued; this amount includes \$249,313 of capitalized interest. Semi-annual payments of \$355,091.96 are due each January 1st and July 1st. The loan is collateralized solely by the future revenues from the District's water operations. No amortization schedule has been finalized by OWDA for this loan as of December 31, 2010, as the District is still drawing down on this loan.

**BUCKEYE WATER DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(Continued)**

5. DEBT (Continued)

Ohio Water Development Authority (OWDA) Water Treatment Plant Loan #5362 was issued in 2009 for the Salineville Waterline Extension in the amount of \$662,136.70 for a period of 30 years. Semi-annual payments of \$11,036 are due each January 1st and July 1st. The loan is collateralized solely by the future revenues from the District's water operations. No amortization schedule has been finalized by OWDA for this loan as of December 31, 2010, as the District is still drawing down on this loan.

The Ohio Water Development Authority (OWDA) Loan #3082 was issued for the Daily Lane Water Line Project in the amount of \$317,372 for 20 years at 6.02% interest. Semi-annual payments of \$13,851 are due January 1st and July 1st of each year until the maturity date of July 1, 2014. The loan is collateralized solely by the future revenues of the district's operations.

The United States Department of Agriculture (USDA) Tax Exempt Water Revenue Bonds, Series 2002 A-B were used to complete Phase 1 of the Water Line Extension Project. The bonds were issued in May 2002 in the total amount of \$1,498,000 for 40 years and will mature on May 1, 2042. Annual payments of \$80,892 will be made on May 1st of each year. The bonds are collateralized by the future revenues from the District's water operations.

The United States Department of Agriculture (2008) Tax Exempt Water Revenue Bonds Series 2008 A-D in the amount of \$13,800,000 were used to pay off the interim financing notes for the construction of a Water Treatment Plant. The bonds were issued October 13, 2008 and have a maturity date of October 1, 2048 at an interest rate of 4.5%. The bonds are collateralized solely by the future revenues from the District's water operations.

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

Year ending December 31:	OPWC Loan #	OPWC Loan #	OWDA Loan	Water Revenue	Water Revenue
	CN901	CN24G	#3082	Bonds Series 2002	Bonds Series 2008
2011	\$13,401.42	\$39,150.00	\$27,715.00	\$81,330	\$750,000
2012	\$13,401.42	\$39,150.00	\$27,715.00	81,330	\$750,000
2013	\$13,401.42	\$39,150.00	\$27,715.00	81,330	\$750,000
2014	\$13,401.42	\$39,150.00	\$27,715.00	81,330	\$750,000
2015	\$13,401.42	\$39,150.00		81,330	\$750,000
2016-2020	\$67,007.10	\$195,750.00		406,650	3,750,000
2021-2025	\$33,503.55	\$195,750.00		406,650	3,750,000
2026-2030		\$19,575.00		406,650	3,750,000
2031-2035				406,650	3,750,000
2036-2040				406,650	3,750,000
2041-2045				162,660	3,750,000
2046-2048					2,250,000
	<u>\$167,518</u>	<u>\$606,825</u>	<u>\$110,860</u>	<u>\$2,602,560</u>	<u>\$28,500,000</u>

**BUCKEYE WATER DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(Continued)**

6. TRANSFER AGREEMENT - COLUMBIANA COUNTY

In 1996, the District entered into a transfer agreement with Columbiana County for the ownership and operation of the water distribution system (the System) for the Townships of Saint Clair, Liverpool, Madison and Yellow Creek, together with certain easements and real property rights and improvements thereon. Columbiana County financed the construction and maintenance of certain portions of the System through the Ohio Public Works Commission (OPWC). All OPWC proceeds were received by Columbiana County and Columbiana County is responsible for the debt retirement. Pursuant to its agreement with Columbiana County, the District makes bi-annual payments to the County equal to the County's bi-annual debt retirement. During 2010, the District paid the County \$44,628 towards the payment of debt service. The total outstanding balance to Columbiana County by the District as of December 31, 2010 is \$23,652.

7. MANAGEMENT AGREEMENT – VILLAGE OF SALINEVILLE

On April 25, 2007 the District entered into a management agreement with the Village of Salineville (the Village). The Village is the owner and operator of certain water supply treatment facility and a certain water distribution system (Salineville Water System) located in Columbiana County, consisting of certain real estate and improvements thereon. The Village is also the owner of certain personal property, real property easements, rights of way and improvements thereon utilized for the operations of the Salineville Water System. The Village has appointed and designated the District as the manager of the Salineville Water System; however, transfer of ownership is pending an agreement setting forth all terms, conditions, obligations and responsibilities of the Parties and to obtain all necessary governmental approvals including but not limited to the Ohio EPA and allocable funding authorities to whom the Village is currently indebted. As of December 31, 2010, a transfer agreement has not been entered into.

The District agreed to use water revenues to pay debt service on the Salineville Water System. During 2010, the District paid \$23,203 towards the payment of debt service. The total outstanding balance to the Village of Salineville as of December 31, 2010 is \$1,204,562.

8. RETIREMENT SYSTEMS

The District's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the Plan's retirement benefits, including postretirement healthcare and survivor and disability benefits to participants.

The Ohio Revised Code also prescribes contribution rates. For 2010, OPERS members contributed 10%, respectively, of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2010.

**BUCKEYE WATER DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(Continued)**

9. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

10. CONTINGENT LIABILITIES

The District is a party to litigation involving the City of East Liverpool and Columbiana County. A judgment was awarded against the District in an amount of \$4,842,753 that could have a substantial impact on the financial operations of the District. If the judgment is ultimately sustained against the District, it would impose a substantial financial obligation.

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor. 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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INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Buckeye Water District
Columbiana County
P.O. Box 105
Wellsville, 43968

To the Board of Trustees:

We have audited the financial statements of Buckeye Water District, Columbiana County, (the District) as of and for the year ended December 31, 2010, and have issued our report thereon dated January 24, 2012, wherein we noted the District 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 District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, 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 2010-02 described in the accompanying schedule of findings to be a material weakness.

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, 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 we must report under *Government Auditing Standards* which is described in the accompanying schedule of finding as items 2010-01

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated January 24, 2012.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

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



Dave Yost
Auditor of State

January 24, 2012

**BUCKEYE WATER DISTRICT
COLUMBIANA COUNTY**

SCHEDULE OF FINDINGS

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2010-01

Noncompliance Citation

Ohio Revised Code Section 5705.41 (D) provides that no subdivision 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 that 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.

1. Then and Now Certificate – If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Township may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid. If the amount involved is less than \$3,000 the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Board of Trustees if such expenditure is otherwise valid.
2. 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.
3. Super Blanket Certificate – The District may also make expenditures and contracts for any amount from a specific line item appropriation 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 may be outstanding a particular time for any line item appropriation.

The District did not certify or record the amount against the applicable appropriation accounts for 14% of tested expenditures in 2010. The District did not properly utilize the certification exceptions described above for those expenditures lacking prior certification.

Failure to certify the availability of funds and encumber appropriations for the full amount of the expenditure could result in overspending in negative cash balances. 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 that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, the Fiscal Officer should certify that the funds are or will be available prior to obligation by the District. When prior certification is not possible, "then and now" certification should be used.

The District should certify the full purchase amounts to which section Ohio Revised Code Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language which Ohio Revised Code Section 5705.41(D) requires for the authorization of disbursements. The Fiscal Officer should sign the certification prior to incurring a commitment, and only when the requirements of Ohio Revised Code Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Finding Number 2010-02

Material Weakness

Proper Posting and Reconciliations

The District fiscal officer did not record all monies received and expended by the District and did not prepare accurate monthly bank reconciliations for the months of October to December 2010 to reasonably assure accountability for all transactions. Monthly reconciliations included incorrect fund balances and inaccurate outstanding check listings. Failure to maintain accurate monthly reconciliations increases the risk of discrepancies and errors occurring without detection and prevents the District management from having accurate financial information. Local Government Services completed bank to book reconciliations for the District the months of October, November and December 2010. In order to present accurate cash reconciliations, Local Government Services proposed adjustments totaling \$40,774 to the District. These adjustments have been posted to the District's financial records and are included in the accompanying financial statements.

The fiscal officer did not correctly post other receipts and disbursements in 2010, which resulted in following adjustments to the financial statements. The adjustments have been posted to the District's financial records and are reflected in the accompanying financial statements.

Fund	Proper Account	Amount	Description
Enterprise	Other Non-Operating Expenditures	\$153	To record an expenditure that had not been posted
Enterprise	Intergovernmental Revenue Principal Payment	\$226,011	To record grant proceeds and debt forgiveness payment.

The District Fiscal Officer should prepare monthly bank reconciliations that include all district accounts and reconciling items, including outstanding checks, which can be verified by supporting documentation. All discrepancies and errors should be investigated and corrected at that time. District management should carefully review their accounting system and the reconciliation process and develop internal controls, which will support the integrity of the District's financial records and reports. A review process should be implemented whereby the Board of Trustees review ledgers, monthly financial statements and reconciliations, and document the reviews.

In addition, the Fiscal Officer should maintain the accounting system to allow for the identification, analysis, classification and reporting of all transactions and to maintain accountability and should refer to Auditor of State Bulletin 2000-008, which provides guidance on accounting for on behalf programs when a local government is the beneficiary of the program.

Improving the cash reconciliation procedures will strengthen control over the District's assets, reduce the risk of errors going undetected and support the integrity of the District's financial records

Officials' Response

We did not receive a response from officials to the findings reported above.

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**BUCKEYE WATER DISTRICT
COLUMBIANA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Material Weakness- Failure to properly post receipts and disbursements resulting in adjustments and reclassifications to the financial statements	No	Re-issued as Finding 2010-02

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Dave Yost • Auditor of State

BUCKEYE WATER DISTRICT

COLUMBIANA 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
FEBRUARY 21, 2012**