



**YORK TOWNSHIP WATER AUTHORITY
BELMONT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

York Township Water Authority
Belmont County
54320 Captina Drive
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 Water Authority) as of and for the years ended December 31, 1998 and December 31, 1997. These financial statements are the responsibility of the Water Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 discussed in Note 1, the Water Authority prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash fund balance of the Water Authority as of December 31, 1998 and December 31, 1997, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2000, on our consideration of the Water Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of management, the Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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Jim Petro
Auditor of State

February 29, 2000

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES
FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997**

	1998	1997
Operating Cash Receipts:		
Charges for Services	\$46,432	\$48,333
Total Operating Cash Receipts	46,432	48,333
Operating Cash Disbursements:		
Personal Services	8,436	7,618
Repairs and Maintenance	3,228	1,585
Testing and Licences	325	88
Other Contractual Services	24,140	25,274
Office Supplies and Materials	802	1,402
Insurance	1,335	3,366
Total Operating Cash Disbursements	38,266	39,333
Operating Income/(Loss)	8,166	9,000
Non-Operating Cash Receipts:		
Other Non-Operating Revenues	773	779
Total Non-Operating Cash Receipts	773	779
Non-Operating Cash Disbursements:		
Debt Service	8,213	7,400
Other Non-Operating Cash Disbursements		2,053
Total Non-Operating Cash Disbursements	8,213	9,453
Net Receipts Over/(Under) Disbursements	726	326
Cash Balances, January 1	28,582	28,256
Cash Balances, December 31	\$29,308	\$28,582

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

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**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The York Township Water Authority, Belmont County (the Water 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 Water Authority is directed by a five member Board of Trustees appointed by the Belmont County Common Pleas Court Judge. The Water Authority provides water utility services to the residents of York Township, Belmont County.

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

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

C. Deposits and Investments

Investments are reported as assets and are valued at cost. 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.

D. Budgetary Process

The Water Authority's Board of Trustees currently do not adopt an operating budget. Recent Ohio Attorney General Opinion No. 99-020 has clarified that the budget process described in Chapter 5705, Revised Code, applies to the Water Authority, regardless of whether the Water Authority levies property taxes. The Water Authority must henceforth adopt annual appropriations, limited by estimated resources. Expenditures will be limited by appropriations.

E. Property, Plant and Equipment

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Water Authority invests in certificates of deposit. The carrying amount of cash and investments at December 31 was as follows:

	<u>1998</u>	<u>1997</u>
Demand deposits	\$26,993	\$26,400
Certificates of deposit	<u>2,315</u>	<u>2,182</u>
Total deposits	<u><u>\$29,308</u></u>	<u><u>\$28,582</u></u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

3. DEBT

Debt outstanding at December 31, 1998 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Water Revenue Bonds	<u><u>\$53,000</u></u>	3.75%

The Water Authority issued water revenue bonds to finance the construction of a water distribution system. The bonds were issued August 1967 for \$150,000 and have maturities through January 2007. The bonds are collateralized by the future revenues of the Water Authority. The Water Authority will fix and revise rates and charge for services in an amount sufficient to pay the costs of operating and maintaining the system.

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

<u>Year ending December 31:</u>	<u>Water Revenue Bonds</u>
1999	\$7,988
2000	7,763
2001	7,538
2002	8,313
2003	8,050
Subsequent	<u>22,575</u>
Total	<u><u>\$62,227</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997**

4. RETIREMENT SYSTEMS

The Water Authority's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-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 1998 and 1997, PERS members contributed 8.5% of their gross salaries. The Water Authority contributed an amount equal to 13.55% of participants' gross salaries. The Water Authority has paid all contributions required through December 31, 1998.

5. RISK MANAGEMENT

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

- Comprehensive property and general liability

The Water Authority is uninsured for the following risks:

- General liability
- Errors and omissions

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

York Township Water Authority
Belmont County
54320 Captina Drive
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 "Water Authority"), as of and for the years ended December 31, 1998 and December 31, 1997, and have issued our report thereon dated February 29, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Water Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Water Authority in a separate letter dated February 29, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Water Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Water Authority in a separate letter dated February 29, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

February 29, 2000



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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
APRIL 4, 2000**