



**Auditor of State
Betty Montgomery**

**TWIN CITY WATER AND SEWER DISTRICT
TUSCARAWAS COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Twin City Water and Sewer District
Tuscarawas County
308 Grant Street
Dennison, Ohio 44621

To the Board of Trustees:

We have audited the accompanying financial statements of the Twin City Water and Sewer District, Tuscarawas County, Ohio, (the District) as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the District's 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 *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 District 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 combined fund cash balances and reserves for encumbrances of the District as of December 31, 2003 and 2002, and its combined 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 October 6, 2004 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, it is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, the Board of Trustees, federal awarding agencies, 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.

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

Betty Montgomery
Auditor of State

October 6, 2004

**TWIN CITY WATER AND SEWER DISTRICT
TUSCARAWAS COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<u>Enterprise Funds</u>	
	<u>2003</u>	<u>2002</u>
Operating Cash Receipts:		
Charges for Services	\$2,085,191	\$2,098,694
Guarantee Deposits	28,235	27,739
Total Operating Cash Receipts	<u>2,113,426</u>	<u>2,126,433</u>
Operating Cash Disbursements:		
Personal Services	790,623	735,566
Benefits	371,540	408,484
Utilities	194,390	208,869
Berm Repairs	38,957	17,197
Equipment Repair	137,453	94,770
Materials and Supplies	162,281	160,493
Guarantee Deposit Refunds	23,732	24,542
Capital Outlay	218,057	526,275
Total Operating Cash Disbursements	<u>1,937,033</u>	<u>2,176,196</u>
Operating Income/(Loss)	<u>176,393</u>	<u>(49,763)</u>
Non-Operating Cash Receipts:		
Intergovernmental Revenues	24,730	274,153
Interest	27,832	38,684
Miscellaneous	17,943	17,157
Other Non-Operating Revenues	116,741	143,715
Total Non-Operating Cash Receipts	<u>187,246</u>	<u>473,709</u>
Non-Operating Cash Disbursements:		
Debt Service	511,618	487,872
Other Non-Operating Cash Disbursements	162,443	132,329
Total Non-Operating Cash Disbursements	<u>674,061</u>	<u>620,201</u>
Net Receipts (Under) Disbursements	(310,422)	(196,255)
Cash Balances, January 1	<u>1,903,346</u>	<u>2,099,601</u>
Cash Balances, December 31	<u>\$1,592,924</u>	<u>\$1,903,346</u>
Reserves for Encumbrances, December 31	<u>\$15,009</u>	<u>\$10,431</u>

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

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**TWIN CITY WATER AND SEWER DISTRICT
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Twin City Water and Sewer District, Tuscarawas County, Ohio (the District) 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 District is directed by an appointed five-member Board of Trustees. Two Board members each are appointed by the City of Uhrichsville and the Village of Dennison. The remaining Board member is appointed at-large by the Board of Trustees. The District provides water and sewer 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. 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. Investments

Investments are included in the fund cash balances. 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 investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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 Enterprise Fund Type.

Enterprise Funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The District had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover the cost of providing water services.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing sewer services.

Sewer Capital Improvement Fund - This fund receives charges for services that are allocated by the Board of Trustees for the improvement of sewer capital improvements.

**TWIN CITY WATER AND SEWER DISTRICT
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Sewer Construction Debt Service Fund - This fund receives charges for services that are allocated by the Board of Trustees for the retirement of debt associated with sewer construction projects.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

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. Adjustments to budgetary presentations were not required.

A summary of 2003 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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's basis of accounting.

**TWIN CITY WATER AND SEWER DISTRICT
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The carrying amount of cash and investments at December 31 was as follows:

	<u>2003</u>	<u>2002</u>
Demand deposits	\$1,516,810	\$1,828,069
STAR Ohio	76,114	75,277
Total deposits and investments	<u>\$1,592,924</u>	<u>\$1,903,346</u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or insured by a Bank Deposit Guaranty Bond.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2003 follows:

<u>Budgeted vs. Actual Receipts</u>		
<u>Fund Type</u>	<u>2003</u>	<u>2002</u>
Budgeted Receipts	\$2,328,030	\$2,170,640
Actual Receipts	<u>2,300,672</u>	<u>2,600,142</u>
Variance	<u>(\$27,358)</u>	<u>\$429,502</u>

<u>Budgeted vs. Actual Budgetary Basis Expenditures</u>		
<u>Fund Type</u>	<u>2003</u>	<u>2002</u>
Appropriation Authority	\$2,605,304	\$2,729,169
Budgetary Expenditures	<u>2,626,103</u>	<u>2,806,828</u>
Variance	<u>(\$20,799)</u>	<u>(\$77,659)</u>

During 2003 and 2003, some District expenditures were not certified by the fiscal officer in accordance with Ohio Rev. Code Section 5705.41(D).

**TWIN CITY WATER AND SEWER DISTRICT
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

4. DEBT

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
USDA FmHA Loans:		
Uhrichsville Dennison No. 91-10	\$1,670,000	5.00%
Uhrichsville Dennison No. 91-14	103,000	5.00%
Roanoke No. 91-09	492,477	5.00%
Roanoke No. 97-01	251,000	6.13%
Midvale No. 92-03	518,000	6.13%
Midvale No. 92-05	301,000	6.13%
Midvale No. 92-07	256,000	6.25%
Midvale No. 92-08	57,000	6.00%
Total	3,648,477	
Ohio Water Development Authority Loans:		
Loan No. PW-90	129,860	7.77%
Ohio Public Works Commission Loans:		
Loan CN033	222,361	0.00%
Loan CN325	96,300	0.00%
Loan CN731	15,933	0.00%
Total	334,594	
USDA Sewer System Revenue Bonds	2,774,000	4.50%
Total Debt:	\$6,886,931	

Debt relating to the United States Department of Agriculture Farmers Home Administration (USDA FMHA) Loans, Ohio Water Development Authority (OWDA) Loans and Ohio Public Works Commission (OPWC) Loans was incurred for utility construction projects. Property owned by the District and revenue earned by the District have been pledged to repay these debts.

Of the Farmers Home Administration Loans, the Midvale Sewer Improvement Project Loans Nos. 92-07 and 92-08, are being reimbursed to the District by Tuscarawas County, as set forth in an agreement with the County.

The District has also entered into contractual agreements for construction loans with the OPWC. Under the terms of these agreements, the OPWC will reimburse, advance or directly pay the construction costs of approved projects.

The District issued USDA Sewer System Revenue Bonds in September 2001 in the amount of \$2,828,000 to finance improvements at the waste water treatment plant which were mandated by the Ohio EPA.

**TWIN CITY WATER AND SEWER DISTRICT
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

4. DEBT (Continued)

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

	USDA Sewer System Revenue Bonds	USDA FmHA Loans	OWDA Loans	OPWC Loans
Year ending December 31:				
2004	\$153,830	\$294,831	\$23,515	\$26,374
2005	153,525	294,693	23,515	26,374
2006	154,175	295,292	23,515	26,374
2007	152,735	294,571	23,515	26,374
2008	154,295	295,576	23,515	26,374
Subsequent	5,071,334	4,883,876	47,031	202,724
Total	<u>\$5,839,894</u>	<u>\$6,358,839</u>	<u>\$164,606</u>	<u>\$334,594</u>

5. RETIREMENT SYSTEM

The District's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement 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 2003 and 2002, OPERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries. The District has paid all contributions required through December 31, 2003.

6. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

Self Insurance

The District is self insured for employee health insurance. The employee health insurance costs are recovered from charges to certain funds based on a cost per employee determined by Medical Benefits Administrators, Inc., their third party self-insurance administrator.

7. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**TWIN CITY WATER AND SEWER DISTRICT
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

8. SUBSEQUENT EVENTS

The District is anticipating approximately \$1.5 million from the Ohio Water Development Authority to reline the trunk sewer line. The District also received \$145,000 loan toward the planning of this project in 2004.

**TWIN CITY WATER AND SEWER DISTRICT
TUSCARAWAS COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Direct:</i>				
Water and Waste Disposal Systems for Rural Communities	N/A	10.760	<u>\$249,113</u>	<u>\$329,524</u>
Total			<u><u>\$249,113</u></u>	<u><u>\$329,524</u></u>

See accompanying Notes to the Schedule of Receipts and Expenditures of Federal Awards.

**TWIN CITY WATER AND SEWER DISTRICT
TUSCARAWAS COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED DECEMBER 31, 2002**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) summarizes activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.



Auditor of State Betty Montgomery

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

Twin City Water and Sewer District
Tuscarawas County
308 Grant Street
Dennison, Ohio 44621

To the Board of Trustees:

We have audited the accompanying financial statements of the Twin City Water and Sewer District, Tuscarawas County, Ohio, (the District) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated October 6, 2004. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District'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 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 such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is disclosed in the Schedule of Findings as Finding 2003-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated October 6, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District'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 District in a separate letter dated October 6, 2004.

101 Central Plaza South / 700 Bank One Tower / Canton, OH 44702
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001
www.auditor.state.oh.us

Twin City Water and Sewer District
Tuscarawas County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

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

Betty Montgomery
Auditor of State

October 6, 2004



Auditor of State Betty Montgomery

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

Twin City Water and Sewer District
Tuscarawas County
308 Grant Street
Dennison, Ohio 44621

To the Board of Trustees:

Compliance

We have audited the compliance of the Twin City Water and Sewer District, Tuscarawas County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2002. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2002. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings as item 2003-002.

We also noted an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated October 6, 2004.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

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



Betty Montgomery
Auditor of State

October 6, 2004

**TWIN CITY WATER AND SEWER DISTRICT
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs= Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under ' .510?	Yes
(d)(1)(vii)	Major Programs (list):	Water and Waste Disposal Systems for Rural Communities – CFDA #10.760
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2003-001

Ohio Rev. Code Section 5705.41(D) requires that no subdivision or taxing unit make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same 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. Every such contract made without such certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two “exceptions” to the above requirements:

- a) Then and Now Certificates - 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 Board of Trustees 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

FINDING NUMBER 2003-001 (Continued)

- b) If the amount involved is less than \$1,000 (which was increased to \$3,000 as of April 7, 2003), the Office Manager may authorize payment through a Then and Now Certificate without affirmation of the Board of Trustees, if such expenditure is otherwise valid.

For 33% of expenditures tested, the Office Manager did not certify the availability of funds prior to commitment. It was also found that neither of the two exceptions above were utilized for the items found to be in non-compliance. As a result, the District could inadvertently over expend certain appropriations. Prior to entering commitments, the Office Manager should certify that funds are available for expenditure.

FINDINGS FOR FEDERAL AWARDS	
Finding Number	2003-002
CFDA Title and Number	Water and Waste Disposal Systems for Rural Communities – 10.760
Federal Award Number/Year	None/2001
Pass Through Agency	None
Federal Oversight Agency	U.S. Department of Agriculture

OMB Circular A-133, Subpart B, § .200(a), provides that non-federal entities that expend \$300,000 (\$500,000 for fiscal years ending after December 31, 2003) or more in a year in federal awards shall have a single or program-specific audit conducted for that year in accordance with the provisions of this part. Guidance on determining federal awards expended is provided in § .205

OMB Circular A-133, Subpart B, § .205(a), provides in part that the determination of when an award is expended should be based on when the activity related to the award occurs. Generally, the activity pertains to events that require the non-Federal entity to comply with laws, regulations, and the provisions of contracts or grant agreements, such as expenditure/expense transactions associated with grants.

OMB Circular A-133, Subpart C, § .320(a), provides in part that the audit shall be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section shall be submitted within the earlier of 30 days after the receipt of the auditor's report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit. Unless restricted by law or regulation, the auditee shall make copies available for public inspection.

The District received federal monies for a rural development grant in 2001 and program expenditures were audited through December 31, 2001. However, in 2002 the District spent \$329,524 in final expenditures. Therefore, a single audit was required for those expenditures within 9 months after the end of the audit period. Subsequently, the District had a Single Audit of those expenditures in 2004, which is beyond the 9 month period. Additionally, the data collection form and reporting package were not submitted within the time period required.

**TWIN CITY WATER AND SEWER DISTRICT
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2001-001	Ohio Rev. Code 5705.41 (D) requires the District's fiscal officer to certify the availability of funds prior to any obligation. During 2001, the District did not certify the availability of funds prior to commitments being made.	No	Not corrected. Reissued as Finding Number 2003-001.

**TWIN CITY WATER AND SEWER DISTRICT
TUSCARAWAS COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
DECEMBER 31, 2002**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2003-002	The District will have a Single Audit performed for the fiscal year ended December 31, 2002.	October 6, 2004	Lisa O'Hara, Office Manager



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**TWIN CITY WATER & SEWER DISTRICT
TUSCARAWAS 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
NOVEMBER 16, 2004**