

GENERAL AUDIT SPECIFICATIONS

BACKGROUND

The Elmira Water Board (Board) is a municipally owned water utility serving approximately 18,000 customer accounts in the City of Elmira, the Village of Elmira Heights and adjacent townships. The Board's financial records are segregated and reported separately from The City of Elmira for the purpose of this financial audit.

The Board maintains an automated accounting system established in accordance with standards developed for the water industry and based on generally accepted accounting principals. The general ledger system of accounts is supported by subsidiary records and reconciled on a regular basis by the Board's accounting staff. The Board's fiscal year ends on December 31 and we are required by the City Charter to submit our financial statements to the City of Elmira by February 28th of each year.

SCOPE OF SERVICES

The selected accounting firm will be responsible for conducting a financial audit of the Board's accounting systems and records for the purpose of expressing an opinion as to the fair presentation of the Board's financial statements, in all material respects, in conformity with generally accepted accounting principals. This audit will be conducted in accordance with generally accepted auditing standards and will include tests of the accounting records and other procedures considered necessary to express an opinion on the fair presentation of the Board's financial statements. Audit procedures will include a test of documentary evidence supporting the transactions recorded in the accounts, confirmation of selected receivables, assets and liabilities. Audit procedures will also include tests of the physical existence of inventories and other tangible assets.

The audit will not be designed to provide assurance on internal control or to identify reportable conditions. However, the auditing firm will inform the Board of any matters involving internal control and its operation that is considered to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters relating to significant deficiencies in the design or operation of the internal control that could adversely affect the Board's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Final independent auditors report will provide an opinion on the fair presentation of the Board's year end financial statements as noted above. This report will include the Board's Comparative Balance Sheet, Comparative Statement of Revenues and Expenses and Changes in Investment in Facilities, and Comparative Statement of Cash Flows. Final report will also include explanatory notes deemed to be necessary by the auditing firm, consistent with notes from previous financial reports.

The auditing firm will provide the Board with twenty-five bound copies of the final report by February 28, in the years 2011, 2012, and 2013.

OWNERS RESPONSIBILITIES

The Board's staff will make all financial records, Board meeting minutes and related information available to the auditing firm in a timely manner. The Board will provide all preliminary year end financial reports, trial balances and other records necessary for the completion of the financial audit. The Board's accounting staff will be responsible for the preparation of all year end schedules, reconciliations and capitalization records. The Board's staff will prepare all confirmation letters deemed necessary by the auditing firm and will assist in obtaining the necessary bank statements required for the audit. The Board's staff will assist the auditing firm in the Accounts Receivable confirmation work as deemed appropriate and will absorb all postage expenses.

A copy of the Board's audited financial report for 2009 will be made available to any auditing firm interested in this proposal.

INSURANCE

The successful proposer will provide the Board with proof of insurance as outlined in the General Instructions.

PAYMENT FOR AUDITING SERVICES

The fee for auditing services will be paid upon delivery of the final audit report. Payment will be contingent upon the approval by the Treasurer of the Board.