



**HARRISON GERMANO WATER SEWER DISTRICT
HARRISON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

HARRISON GERMANO WATER SEWER DISTRICT

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances For the Years Ended December 31, 1999 and 1998	3
Notes to the Financial Statements	5
Report on Compliance and on Internal Controls Required by <i>Government Auditing Standards</i>	7

This page intentionally left blank.



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West, Suite 302
Youngstown, Ohio 44503

Telephone 330-797-9900
800-443-9271

Facsimile 330-797-9949

REPORT OF INDEPENDENT ACCOUNTANTS

Harrison Germano Water Sewer District
90670 Mill Road
Jewett, Ohio 43986-9728

To the Board of Trustees:

We have audited the accompanying financial statements of the Harrison Germano Water Sewer District, Harrison County, (the District) as of and for the years ended December 31, 1999 and December 31, 1998. 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 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 Harrison Germano Water Sewer District prepares its financial statements on a 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 of the Harrison Germano Water Sewer District as of December 31, 1999 and December 31, 1998, 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 a report dated July 7, 2000, 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.

This report is intended solely for the information and use of the audit committee, management, Board of Trustees, and other officials authorized to receive this report under Section 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, appearing to read "Jim Petro".

Jim Petro
Auditor of State

July 7, 2000

This page intentionally left blank.

**HARRISON GERMANO WATER SEWER DISTRICT
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCES
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

	1999	1998
Operating Receipts:		
Charges for Services	\$20,282	\$19,555
Interest	690	628
Tap In Fee	750	750
Deposits	30	100
 Total Operating Receipts	 21,752	 21,033
Operating Disbursements:		
Current:		
General Government	1,392	1,075
Contractual Services	1,200	1,174
Insurance	1,006	868
Utilities	2,750	2,043
Repairs and Supplies	2,180	3,073
Refund of Deposits	24	50
Debt Service:		
Redemption of Principal	5,570	4,375
Interest and Fiscal Charges	4,575	5,956
 Total Cash Disbursements	 18,697	 18,614
 Operating Income	 3,055	 2,419
 Fund Cash Balances, January 1	 19,177	 16,758
 Fund Cash Balances, December 31	 \$22,232	 \$19,177

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

This page intentionally left blank.

**HARRISON GERMANO WATER SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Harrison Germano Water Sewer District, Harrison County, (the District) is a body corporate and politic established pursuant to Ohio Revised Code Section 6119.051. The District is directed by an appointed five-member Board. The District provides water and sewer utility service to 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 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. Cash 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 District'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 District, regardless of whether the District levies property taxes. The District 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 disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. EQUITY IN CASH AND INVESTMENTS

The District invests in StarOhio. The carrying amount of cash and investments at December 31 was as follows:

**HARRISON GERMANO WATER SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

2. EQUITY IN CASH AND INVESTMENTS (Continued)

	1999	1998
Demand deposits	\$ 2,649	\$ 6,139
StarOhio balance	<u>19,583</u>	<u>13,038</u>
Total	<u>\$22,232</u>	<u>\$19,177</u>

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

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

3. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
General Obligation Note	\$34,500	9.06%
Ohio Water Development Authority Loan	40,114	5%

The proceeds of the Ohio Water Development Authority Loan were used to construct the new water well and water delivery system. The proceeds of the general obligation note were used to install water and sewer lines within the District.

Amortization of the above debt, including interest of \$41,759, is scheduled as follows:

Year ending December 31:	General Obligation Note	OWDA Loan
2000	\$ 4,725	\$ 5,270
2001	4,575	5,270
2002	4,425	5,270
2003	4,275	5,270
2004	4,125	5,270
Subsequent	<u>23,100</u>	<u>44,798</u>
Total	<u>\$45,225</u>	<u>\$71,148</u>

4. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Commercial liability
- Errors and



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West, Suite 302
Youngstown, Ohio 44503

Telephone 330-797-9900
800-443-9271

Facsimile 330-797-9949

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

Harrison Germano Water Sewer District
Harrison County
90670 Mill Road
Jewett, Ohio 43986-9728

To the Board of Trustees:

We have audited the financial statements of the Harrison Germano Water Sewer District, Harrison County, Ohio, as of and for the years ended December 31, 1999 and December 31, 1998 and have issued our report thereon dated July 7, 2000. We conducted our audits 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 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 no instances of noncompliance that is required to be reported under *Government Auditing Standards*. We noted a certain immaterial instance of noncompliance, which we have reported to management of the Germano Water and Sewer District in a separate letter dated July 7, 2000.

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, which we have reported to management of the District in a separate letter dated July 7, 2000.

Harrison Germano Water Sewer District
Harrison County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page -2-

This report is intended for the information and use of the audit committee, 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", with a large, stylized loop at the end.

Jim Petro
Auditor of State

July 7, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

HARRISON GERMANO WATER SEWER DISTRICT

HARRISON 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
SEPTEMBER 5, 2000**