



**SOUTHERN COLUMBIANA COUNTY
REGIONAL WATER DISTRICT
COLUMBIANA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Enterprise Fund - For the Year Ended December 31, 1999	2
Notes to the Financial Statements	3
Report of Independent Accountants on Compliance and on Internal Controls Required by <i>Government Auditing Standards</i>	6



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Telephone 330-797-9900
800-443-9271

Facsimile 330-652-0767

REPORT OF INDEPENDENT ACCOUNTANTS

Southern Columbiana County Regional Water District
Columbiana County
P.O. Box 15
1925 Clark Avenue
Wellsville, Ohio 43968

To the Board of Trustees:

We have audited the accompanying financial statement of the Southern Columbiana County Regional Water District, Columbiana County, Ohio, (the District) as of and for the year ended December 31, 1999. This financial statement is the responsibility of the District's management. Our responsibility is to express an opinion on this financial statement 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 Southern Columbiana County Regional Water 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 statement referred to above present fairly, in all material respects, the combined fund cash balance of the Southern Columbiana County Regional Water District, Columbiana County, Ohio, as of December 31, 1999, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 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 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 that reads "Jim Petro".

Jim Petro
Auditor of State

February 7, 2000

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES-ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Water Revenue Fund
Cash Receipts:	
Charges for Services	\$1,365,406
Special assessments	23,151
Interest income	9,368
Miscellaneous	694,869
 Total Operating Cash Receipts	 2,092,794
Cash Disbursements:	
Personal Services	619,072
Capital improvements	344,530
Other Contractual Services/supplies	1,171,996
Debt Service:	
Redemption of principal	119,007
Interest	28,061
 Total Operating Cash Disbursements	 2,282,666
 Operating (Loss)	 (189,872)
Non-Operating Cash Receipts:	
Proceeds Of Notes	350,000
 Excess of Receipts Over Disbursements	 160,128
 Fund Cash Balances, January 1	 313,981
 Fund Cash Balances, December 31	 \$474,109

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Southern Columbiana County Regional Water District, Columbiana 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 nine-member Board. The District provides water utility service to the local community.

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

The District has interest bearing checking accounts and savings accounts. Interest earned is recognized and recorded when received. Investment procedures are restricted by the provisions of the Ohio Revised Code. No other investments were held by the District.

D. Fund Accounting

The District uses fund accounting to account for financial activity of the District. The District has only one fund as follows:

Enterprise Fund

This fund accounts 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 one enterprise fund.

Water Revenue Fund - This fund receives charges for services from customers to cover the cost of providing this utility.

F. 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.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the District.

2. EQUITY IN POOLED CASH

The District maintains a cash used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

1999

Demand deposits \$474,109

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by securities pledged by the financial institution to the District.

3. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$ 489,183	4.5% - 6.0%
Ohio Public Works Commission Loan	85,738	0%
Ohio Water Development Authority Loan	<u>263,057</u>	6.0%
 Total	 <u>\$ 837,978</u>	

Three separate note issues comprise the principal balance of the general obligation notes. The proceeds of the notes were used to purchase the building for the District, to pay engineering fees for proposed water system improvements and to purchase water meters.

The Ohio Public Works Commission (OPWC) Loan was assumed from Columbiana County, which had originally been issued for water system improvements. The maturity date of the loan is July 1, 2014.

The Ohio Water Development Authority (OWDA) Loan was assumed from Columbiana County, which had originally been issued for water system improvements. The maturity date of the loan is July 1, 2014.

DECEMBER 31, 1999
(Continued)

3. DEBT (Continued)

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

Year ending December 31:	General Obligation Notes	OPWC Loan	OWDA Loan
2000	\$ 409,442	\$ 5,913	\$ 27,715
2001	24,912	5,913	27,715
2002	24,912	5,913	27,715
2003	24,912	5,913	27,715
2004	24,912	5,913	27,715
Subsequent	<u>2,076</u>	<u>56,173</u>	<u>263,290</u>
Total	<u>\$ 511,166</u>	<u>\$ 85,738</u>	<u>\$ 401,865</u>

4. RETIREMENT SYSTEMS

The employees of the District were covered by the Public Employees Retirement System (PERS) of Ohio. PERS is a cost sharing, multiple-employer plans. 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 1999, PERS 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, 1999.

5. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

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

6. YEAR 2000 ISSUE

The Year 2000 Issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the District's operations.

As of December 31, 1999, the Southern Columbiana County Water District has remediated, validated and tested all mission-critical systems, which are identified as follows:

- Water usage billing and collection system
- Water delivery system

To the best of management's knowledge and belief, as of February 7, 2000, the District experienced no interruption of operations or services related to the Year 2000 issue. However, because of the unprecedented nature of the Year 2000 issue, matters may arise, and parties with whom the District does business may also experience Year 2000 readiness issues that are as yet, unknown.



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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

Telephone 330-797-9900
800-443-9271

Facsimile 330-652-0767

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

Southern Columbiana County Regional Water District
Columbiana County
P.O. Box 15
1925 Clark Avenue
Wellsville, Ohio 43968

To the Board of Trustees:

We have audited the financial statements of the Southern Columbiana County Regional Water District, Columbiana County, Ohio, (the District) as of and for the year ended December 31, 1999 and have issued our report thereon dated February 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 are required to be reported under *Government Auditing Standards*.

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 a certain matter involving the internal control over financial reporting, which we have reported to management of the District in a separate letter dated February 7, 2000.

This report is intended for the information and use of management, 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", is written over a large, stylized "X" mark.

Jim Petro
Auditor of State

February 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

SOUTHERN COLUMBIANA COUNTY
REGIONAL 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.

By: Susan Babbitt
Clerk of the Bureau

Date: FEB 24 2000