



**BRILLIANT REGIONAL WATER AND SEWER DISTRICT
JEFFERSON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BRILLIANT REGIONAL WATER SEWER DISTRICT
JEFFERSON COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Brilliant Regional Water and Sewer District
Jefferson County
706 Second Street
Brilliant Ohio, 43913

To the Board of Trustees:

We have audited the accompanying financial statements of the Brilliant Regional Water and Sewer District, Jefferson County, Ohio, (the District) as of and for the years ended December 31, 1999 and December 31, 2000. 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 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 of the Brilliant Regional Water and Sewer District as of December 31, 2000 and December 31, 1999, 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 February 26, 2001 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.

This report is intended solely for the information and use of the audit committee, 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.

Jim Petro
Auditor of State

February 26, 2001

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**BRILLIANT REGIONAL WATER AND SEWER DISTRICT
JEFFERSON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

	2000	1999
Operating Cash Receipts:		
Charges for Services	\$470,999	\$427,502
Miscellaneous	7,051	11,626
	478,050	439,128
Operating Cash Disbursements:		
Personal Services	135,356	134,032
Utilities	33,745	31,347
Repairs and Maintenance	5,164	5,562
Other Contractual Services	51,174	62,011
Chemicals and Operating Supplies	64,595	64,113
Office Supplies and Materials	15,952	15,856
Insurance	10,593	9,182
Capital Outlay	9,116	15,598
	325,695	337,701
Operating Income/(Loss)	152,355	101,427
Non-Operating Cash Receipts:		
Other Non-Operating Revenues	764	1,084
	764	1,084
Non-Operating Cash Disbursements:		
Debt Service	100,935	100,935
	100,935	100,935
Net Receipts Over/(Under) Disbursements	52,184	1,576
Cash Balances, January 1	149,899	148,323
Cash Balances, December 31	\$202,083	\$149,899

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

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**BRILLIANT REGIONAL WATER AND SEWER DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Brilliant Regional Water and Sewer District, Jefferson County, (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 elected five-member Board of Trustees. Each Board member is elected by the customers of the District for a three year term. 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.

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

C. Deposits and Investments

The District maintains a non-interest bearing checking account and an interest bearing savings account. Investment procedures are restricted by the provisions of the Ohio Revised Code. The District held no investments.

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 this utility.

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

E. Budgetary Process

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

**BRILLIANT REGIONAL WATER AND SEWER DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function level of control, and appropriations may not exceed estimated resources. The Board of Trustee must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

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.

A summary of 2000 budgetary activity appears in Note 3. (Per OAG Opinion 99-020, FY 2000 is the first year the District was required to follow budgetary procedures.)

F. 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.

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 AND INVESTMENTS

The District maintains a cash and investments pool used by all funds. The carrying amount of cash and investments at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	<u>\$202,083</u>	<u>\$149,899</u>

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

**BRILLIANT REGIONAL WATER AND SEWER DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2000 follows:

<u>Budgeted vs. Actual Receipts</u>	
	<u>2000</u>
Budgeted Receipts	\$630,701
Actual Receipts	<u>478,814</u>
Variance	<u><u>(\$151,887)</u></u>

<u>Budgeted vs. Actual Budgetary Basis Expenditures</u>	
	<u>2000</u>
Appropriation Authority	\$705,635
Budgetary Expenditures	<u>426,630</u>
Variance	<u><u>\$279,005</u></u>

4. DEBT

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	<u><u>\$762,822</u></u>	8%

The Ohio Water Development Authority (O.W.D.A.) Loan is for the construction of a waste water treatment plant. The full faith, credit, and revenue of the District have been pledged to repay these debts. The amounts payable as of December 31, 2000 are expected to be repaid from a surcharge billed to customers on a monthly basis.

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

<u>Year ending December 31:</u>	<u>OWDA Loan</u>
2001	\$100,935
2002	100,935
2003	100,935
2004	100,935
2005	100,935
Subsequent	<u>757,009</u>
Total	<u><u>\$1,261,684</u></u>

**BRILLIANT REGIONAL WATER AND SEWER DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. RETIREMENT SYSTEMS

The District'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 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 2000 and 1999, PERS members contributed 8.5% of their gross salaries. For 2000, the District contributed an amount equal to 10.84% of participants' gross salaries. For 1999, the District contributed an amount equal to 13.55% of participants' gross salaries. The District has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

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

The District also provides health insurance and dental and vision coverage to full-time employees through a private carrier.



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

Brilliant Regional Water and Sewer District
Jefferson County
706 Second Avenue
Brilliant, Ohio 43913

To the Board of Trustees:

We have audited the accompanying financial statements of Brilliant Regional Water and Sewer District, Jefferson County, Ohio (the District), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated February 26, 2001. 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 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 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 a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated February 26, 2001.

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 February 26, 2001.

Brilliant Regional Water and Sewer District
Jefferson County
Report of Independent Accountants 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, the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

February 26, 2001



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BRILLIANT REGIONAL WATER AND SEWER DISTRICT

JEFFERSON 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
MARCH 20, 2001**