

**SUNDAY CREEK VALLEY  
WATER DISTRICT**

**GENERAL PURPOSE FINANCIAL STATEMENTS**

(Audited)

For The Years Ended

December 31, 2000 and 1999

**RALPH SIKORSKI, CLERK**





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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Board of Trustees  
Sunday Creek Valley Water District  
15945 Second Street  
Millfield, Ohio 45761

We have reviewed the Independent Auditor's Report of the Sunday Creek Valley Water District, Athens County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 1999 through December 31, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Sunday Creek Valley Water District is responsible for compliance with these laws and regulations.

JIM PETRO  
Auditor of State

October 18, 2001

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**SUNDAY CREEK VALLEY WATER DISTRICT**

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# TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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## Independent Auditor's Report

Board of Trustees  
Sunday Creek Valley Water District  
15945 Second Street  
Millfield, Ohio 45761

We have audited the accompanying general purpose financial statements of the Sunday Creek Valley Water District, (the "District"), as of and for the years ended December 31, 2000 and 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose 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.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Sunday Creek Valley Water District, as of December 31, 2000 and 1999, and the results of its operations and the cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 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.

Trimble, Julian & Grube, Inc.  
September 25, 2001

**SUNDAY CREEK VALLEY WATER DISTRICT**

BALANCE SHEET  
DECEMBER 31, 2000 AND 1999

	2000	1999
<u>Assets:</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 236,316	\$ 190,239
Accounts Receivable (Billed/Unbilled)	93,155	87,279
Accrued Interest Receivable	1,195	-
Total Current Assets	330,666	277,518
Fixed Assets:		
Fixed Assets	3,291,832	2,910,235
Less: Accumulated Depreciation	(1,276,742)	(1,189,892)
Net Fixed Assets	2,015,090	1,720,343
Other Assets:		
Prepaid Expenses	1,908	2,303
Total Other Assets	1,908	2,303
Total Assets	\$ 2,347,664	\$ 2,000,164
<u>Liabilities and Fund Equity:</u>		
Current Liabilities:		
Accounts Payable	\$ 110,204	\$ 55,694
Other Accrued Expenses	4,148	2,422
Accrued Payroll Taxes	2,219	1,746
Notes Payable-Current Portion	8,980	90,295
Total Current Liabilities	125,551	150,157
Noncurrent Liabilities:		
Notes Payable	630,763	353,789
Less: Current Portion	(8,980)	(90,295)
Total Noncurrent Liabilities	621,783	263,494
Total Liabilities	747,334	413,651
Fund Equity:		
Contributed Capital:		
Members Tap Fees	465,723	437,128
FMHA Contributed Capital	933,000	933,000
Total Contributed Capital	1,398,723	1,370,128
Accumulated Earnings	201,607	216,385
Total Fund Equity	1,600,330	1,586,513
Total Liabilities and Fund Equity	\$ 2,347,664	\$ 2,000,164

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



## SUNDAY CREEK VALLEY WATER DISTRICT

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN ACCUMULATED EARNINGS AND FUND EQUITY FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

	2000	1999
Operating Revenues:		
Charges for Water Services	\$ 480,540	\$ 484,620
Late Charges, Fees and Services	20,256	17,003
Total Operating Revenues	500,796	501,623
Operating Expenses:		
Water Costs	204,991	213,763
Personal Services	96,491	83,659
Operating Supplies	33,039	24,538
Depreciation	86,850	77,502
Utilities	27,793	28,723
Administration	26,301	20,604
Repairs and Maintenance	13,533	17,323
Truck Expense	4,692	10,152
Property/Liability Insurance	4,671	5,529
Professional Services	330	14,752
Miscellaneous	16,690	10,779
Total Operating Expenses	515,381	507,324
Operating (Loss)/Income	(14,585)	(5,701)
Nonoperating Revenues/(Expenses):		
Interest Income	11,153	4,166
Interest Charges	(11,346)	(10,365)
Total Nonoperating Income	(193)	(6,199)
Net Income	(14,778)	(11,900)
Accumulated Earnings, January 1	216,385	228,285
Accumulated Earnings, December 31	201,607	216,385
Contributed Capital at December 31	1,398,723	1,370,128
Total Fund Equity at December 31	\$ 1,600,330	\$ 1,586,513

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

## SUNDAY CREEK VALLEY WATER DISTRICT

### STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

	2000	1999
Cash flows from operating activities:		
Cash received from sales/service charges	\$ 494,920	\$ 499,826
Cash payments for water services	(205,582)	(223,438)
Cash payments for personal services	(94,292)	(85,721)
Cash payments for professional services	(330)	(14,752)
Cash payments for supplies and materials	(28,344)	(27,718)
Cash payments for administrative costs	(26,301)	(20,604)
Cash payments for other expenses	(16,578)	(73,713)
	<u>123,493</u>	<u>53,880</u>
Net cash provided by operating activities		
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(381,597)	(119,556)
Principal acquisition	367,269	118,248
Principal retirement	(90,295)	(16,245)
Interest charges	(11,346)	(10,365)
Other nonoperating revenues and contributed capital	28,595	32,747
	<u>(87,374)</u>	<u>4,829</u>
Net cash (used in)/provided by capital and related financing activities		
Cash flows from investing activities:		
Interest received	9,958	4,166
	<u>9,958</u>	<u>4,166</u>
Net cash provided by investing activities		
Net increase in cash and cash equivalents	46,077	62,875
Cash and cash equivalents at beginning of year	190,239	127,364
Cash and cash equivalents at end of year	<u>\$ 236,316</u>	<u>\$ 190,239</u>
Reconciliation of operating (loss) to net cash provided by operating activities:		
Operating (loss)	\$ (14,585)	\$ (5,701)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:		
Depreciation and amortization	86,850	77,502
Changes in assets and liabilities:		
(Increase) in accounts receivable	(5,876)	(1,797)
Decrease in prepayments	395	504
Increase (decrease) in accounts payable	54,510	(14,566)
Increase/(decrease) in other accrued payroll taxes and accrued expenses	2,199	(654)
(Decrease) in compensated absences payable	-	(1,408)
	<u>\$ 123,493</u>	<u>\$ 53,880</u>
Net cash provided by operating activities		

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

## **SUNDAY CREEK VALLEY WATER DISTRICT**

### **NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

#### **NOTE 1 - DESCRIPTION OF THE ENTITY**

The Sunday Creek Valley Water District (the "District") was created in 1969. The District is a regional water district organized under the provisions of Section 6119 of the Ohio Revised Code (O.R.C.) by the Common Pleas Court of Athens County, Ohio. The District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District operates under a five-member Board of Trustees that is selected from its users-members. The Board of Trustees is responsible for the fiscal control of the assets and the operating funds of the District. The District provides water service to the people residing in the District.

Management believes the financial statements included in this report represent all of the funds of the District over which management has direct operating control.

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The general purpose financial statements (GPFS) of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant of the District's accounting policies are described below.

##### **A. REPORTING ENTITY**

The District's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity". The GPFS includes the fund for which the District is "accountable". Accountability, as described in GASB Statement No. 14 was evaluated based on financial accountability, the nature and significance of the potential component unit's (PCU) relationship with the District, and whether exclusion would cause the District's GPFS to be misleading or incomplete. Among the factors considered were separate legal standing; appointment of a voting majority of PCU's board; fiscal dependency and whether a benefit or burden relationship exists; imposition of will; and the nature and significance of the PCU's relationship with the District.

Based on the foregoing criteria, there were no PCU's for the years reported on in the GPFS in accordance with GASB Statement No. 14.

## SUNDAY CREEK VALLEY WATER DISTRICT

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

##### B. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the District are maintained on the basis of fund accounting. The operations of this fund are accounted for with a set of self-balancing accounts that are comprised of its assets, liabilities, fund equity or accumulated earnings, as appropriate, and revenues and expenses. The following fund type is used by the District:

##### ***PROPRIETARY FUND:***

A proprietary fund is used to account for all the District's ongoing activities which are similar to those found in the private sector. The following proprietary fund type is utilized by the District:

##### Enterprise Funds

These funds account for operations 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 fund:

*Water Fund* - This fund receives charges for services from residents to cover the cost of providing this utility, as well as loan and grant proceeds to expand the water system.

##### C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The District prepares its financial statements on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Unbilled water utility service receivables are recognized as revenue at year end.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The proprietary fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the fund are included on the balance sheet. This measurement focus emphasizes the determination of net income.

## SUNDAY CREEK VALLEY WATER DISTRICT

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fund equity (i.e., net total assets) is segregated into contributed capital and accumulated earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

#### D. BUDGETS

The District is required by State statute to adopt an annual appropriated cash basis budget. The specific timetable is as follows:

1. Prior to January 15 of the proceeding year, the District prepares a proposed operating budget for the year. The budget includes proposed expenses and the means of financing.
2. By the beginning of the fiscal year, the annual Appropriation Resolution is legally enacted by the Board of Trustees at the line item level of expenses, which is the legal level of budgetary control. Resolution appropriations by fund must be within the estimated resources and the total of expenses may not exceed the appropriation total.
3. Any revision that alters the line item appropriation must be approved by the Board of Trustees.
4. Formal budgetary integration is employed as a management control device during the year and other statutory provisions. The District's fund completed the year within the amount of their legally authorized cash basis appropriation.
5. Appropriation amounts are as originally adopted, or as amended by the Board of Trustees through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. No appropriations were legally enacted by the Board during the fiscal year ended December 31, 2000.

A summary of 2000 budgetary activity appears in Note 3. (Per OAG Opinion 99-020, FY2000 is the first year the District was required to follow budgetary procedures.)

**SUNDAY CREEK VALLEY WATER DISTRICT**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**E. CASH AND CASH EQUIVALENTS**

For reporting purposes, the District considers “Cash and Cash Equivalents” to be cash on hand, demand deposits, and all investments held by the District with a maturity date less than or equal to three months from the date of purchase. Interest income earned by the District totaled \$11,153 and \$4,166 for the years ended December 31, 2000 and 1999, respectively.

**F. FIXED ASSETS AND DEPRECIATION**

Fixed assets acquired or constructed for the general use of the District in providing service are stated at cost (or estimated historical cost) and updated for the cost of additions and disposals during the years. Contributed fixed assets are recorded at their fair market values as of the date donated. The District has established a capitalization threshold of \$300 for fixed assets. Depreciation and amortization have been provided on a straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Estimated Life</u>
Building	10-50 years
Office Equipment	10-20 years
Trucks	5-10 years
Lines, Meters, Tanks	40-50 years
Engineering	40 years
Capital Expenses	10-40 years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency are capitalized at cost and depreciated, if applicable, over the remaining useful lives of the related fixed assets.

**G. CONTRIBUTED CAPITAL**

Contributed capital is recorded by the District for receipts of capital grants or contributions from developers and customers. All of the District’s contributed capital has been received from customers and FmHA grants. Depreciation on assets acquired or constructed with contributed resources is expensed and closed to accumulated earnings at year end.

**SUNDAY CREEK VALLEY WATER DISTRICT**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**H. STATEMENT OF CASH FLOWS**

The District's financial statements have been prepared in accordance with GASB Statement No. 9 "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting." For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less from the date of purchase to be cash equivalents.

**I. FINANCIAL REPORTING FOR PROPRIETARY FUND TYPES**

The District's financial statements have been prepared in accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting." The District accounts for its proprietary activities in accordance with all applicable GASB pronouncements, as well as pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

**J. ESTIMATES**

The preparation of the GPFS in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the GPFS and accompanying notes. Actual results may differ from those estimates.

**NOTE 3 - BUDGETARY COMPLIANCE**

1. The following fund had expenditures in excess of appropriations contrary to Section 5705.41(B) of the Ohio Revised Code:

<u>Fund Type/Fund</u>	<u>Excess</u>
<u>Enterprise Fund:</u>	
Water	\$205,465

## SUNDAY CREEK VALLEY WATER DISTRICT

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

#### NOTE 3 - BUDGETARY COMPLIANCE - (Continued)

2. The following represents the District's budgetary activity for the year ended December 31, 2000:

##### Budgeted vs. Actual Receipts

Budgeted Receipts	\$ 650,000
Actual Receipts	<u>(900,742)</u>
Variance	<u>\$ 250,742</u>

##### Budgeted vs. Actual Budgetary Basis Expenditures

Appropriation Authority:	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating	\$649,200	\$854,665	(\$205,465)

Disclosure is presented at the fund level, rather than at the item level within the fund due to the practicality of determining these values.

#### NOTE 4 - CASH AND CASH EQUIVALENTS

Monies held by the District are classified by State statute into two categories. Active monies are public monies determined to be necessary to meet current demand upon the District treasury. Active monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Monies held by the District which are not considered active are classified as inactive. Inactive monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;



## SUNDAY CREEK VALLEY WATER DISTRICT

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

#### NOTE 4 - CASH AND CASH EQUIVALENTS - (Continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio).

The District may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, District, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons;
3. Obligations to the District.

## SUNDAY CREEK VALLEY WATER DISTRICT

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

#### **NOTE 4 - CASH AND CASH EQUIVALENTS - (Continued)**

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

#### DEPOSITS

For the years ended December 31, 2000 and 1999, the carrying amount of the District's deposits, were \$236,316 and \$190,239, respectively, and the bank balances were \$239,772 and \$190,874, respectively. Of the bank balances, \$234,011 and \$114,000 was covered by federal depository insurance and the remaining balances of \$5,761 and \$76,874 were covered by collateral held by third party trustees pursuant to Section 135.181 of the Ohio Revised Code, in collateral pools securing all public funds on deposit with specific depository institutions for December 31, 2000 and 1999, respectively.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of pledging specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure the repayment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least equal to 110% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

#### **NOTE 5 - RECEIVABLES**

Receivables at December 31, 2000 and 1999 consisted of billed and unbilled water services. All receivables are considered fully collectible except for immaterial delinquent customer accounts. Delinquent accounts are subject to disconnection for nonpayment and are restored only after payment in full is received.

**SUNDAY CREEK VALLEY WATER DISTRICT**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

**NOTE 6 - FIXED ASSETS**

A summary of the District's fixed assets at December 31, 2000 and 1999 is as follows:

	2000	1999
Land	\$ 18,306	\$ 6,306
Building	30,771	30,771
Office Equipment	26,211	26,211
Trucks & Backhoe	108,903	92,842
Lines, Meters & Tanks	2,511,257	2,291,942
Engineering	392,982	264,162
Capital Costs	203,402	198,001
Total Fixed Assets	3,291,832	2,910,235
Less: Accumulated Depreciation	(1,276,742)	(1,189,892)
Net Fixed Assets	\$ 2,015,090	\$ 1,720,343

**NOTE 7 - DEFINED BENEFIT PENSION PLAN**

**A. PUBLIC EMPLOYEES RETIREMENT SYSTEM**

All District full-time employees participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public retirement system created by the State of Ohio. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for 1999 was 8.5 percent for all employees. The employer contribution rate was 13.55 percent of covered payroll. The Retirement Board instituted a temporary employer contribution rate rollback for calendar year 2000. The rate rollback was 20 percent. The 2000 employer contribution rate was 10.84 percent of covered payroll. The District contributions for pension obligations to PERS for the years ended December 31, 2000 and 1999 were \$8,173 and \$8,951 respectively; 84 percent has been contributed for 2000 and 100 percent for 1999. The unpaid 2000 contribution of \$1,313 is recorded as a liability.

## SUNDAY CREEK VALLEY WATER DISTRICT

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

#### NOTE 7 - DEFINED BENEFIT PENSION PLAN - (Continued)

##### B. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Public Employees Retirement System of Ohio provides post retirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Retirement Board instituted a temporary employer contribution rate rollback for calendar year 2000. The rate rollback was 20 percent. The 2000 employer contribution rate was 10.84 percent of covered payroll. The Ohio Revised Code provides statutory authority for employer contributions. The 1999 employer contribution rate for local employers was 13.55 percent of covered payroll. 4.3 percent and 4.2 percent was the portion that was used to fund health care for 2000 and 1999, respectively.

The District's 2000 and 1999 employer contributions to PERS totaled \$8,173 and \$8,951, respectively. Of these amounts, \$351 and \$376 for 2000 and 1999, respectively, was used to fund health care for regular employees.

#### NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss; related torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has obtained risk management by traditional means of insuring through a commercial company. With the exception of a deductible, the risk of loss transfers entirely from the District to the commercial company. The District continues to carry commercial insurance for other risks of loss, including employee health insurance.

The District pays an annual premium to the State Workers' Compensation System based on employee compensation and a predetermined rate. This rate is calculated based on accident history and administrative costs.

**SUNDAY CREEK VALLEY WATER DISTRICT**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

**NOTE 9 - LONG-TERM DEBT**

At December 31, 2000, notes payable consisted of the following issuances:

<u>Description</u>	<u>Balance at December 31, 2000</u>
2000 Note payable with Ohio Water Development Authority (OWDA) for construction of water lines, not fully disbursed as of December 31, 2000.	\$139,461
1999/2000 Note Payable with (OWDA) for planning and design of water system improvements, not fully disbursed as of December 31, 2000.	301,322
1998 Note Payable with Ohio Public Works Commission (OPWC) for water line improvements, Phase I, dated August 28, 1998, due in semi-annual installments of \$2,159 through January 1, 2019, bearing interest at 2.00%.	65,011
1998 Note Payable with (OWDA) for water system improvements, dated March 10, 1998, due in semi-annual installments of \$11,146 through January 1, 2008, bearing interest at 5.88%.	
Total Notes Payable at December 31, 2000	<u>124,969</u>
	<u>\$630,763</u>

**SUNDAY CREEK VALLEY WATER DISTRICT**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

**NOTE 9 - LONG-TERM DEBT - (Continued)**

<u>Description</u>	<u>December 31, 1999</u>	<u>Additions</u>	<u>Payments</u>	<u>December 31, 2000</u>
Note Payable - OWDA - Construction	\$ 77,755	\$223,567	\$ 0	\$ 301,322
Note Payable - OWDA - Construction	0	143,702	4,241	139,461
Note Payable - OWDA - Construction	139,081	0	14,112	124,969
Note Payable - OWDA - Planning	68,969	0	68,969	0
Note Payable - OPWC	<u>67,984</u>	<u>0</u>	<u>2,973</u>	<u>65,011</u>
Totals	<u>\$353,789</u>	<u>\$367,269</u>	<u>\$90,295</u>	<u>\$ 630,763</u>

The principal and interest requirements to retire the long-term debt obligations outstanding at December 31, 2000, are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$ 8,980	\$ 4,324	\$ 13,304
2002	18,446	8,163	26,609
2003	19,411	7,198	26,609
2004	20,432	6,177	26,609
2005	21,510	5,099	26,609
2006 - 2010	67,596	7,729	75,325
2011 - 2015	19,072	2,518	21,590
2016 - 2019	<u>14,533</u>	<u>587</u>	<u>15,120</u>
Totals	<u>\$189,980</u>	<u>\$41,795</u>	<u>\$231,775</u>

The 2000 and 1999 Notes Payable with OWDA are not fully disbursed at December 31, 2000 and therefore do not have any amortization schedules as of the date of this report and are not included in the above future principal and interest requirements.

**NOTE 10 - CONTINGENT LIABILITY**

LITIGATION

The District is currently not involved in litigation that the District's legal counsel anticipates a loss.

# TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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## **REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees  
Sunday Creek Valley Water District  
15945 Second Street  
Millfield, Ohio 45761

We have audited the general purpose financial statements of Sunday Creek Valley Water District (the "District") as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated September 25, 2001. 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 Sunday Creek Valley Water District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-SCVWD-001 and 2000-SCVWD-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Sunday Creek Valley Water District in a separate letter dated September 25, 2001.

Sunday Creek Valley Water District  
Board of Trustees

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Sunday Creek Valley Water 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 we have reported to the management of the Sunday Creek Valley Water District in a separate letter dated September 25, 2001.

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

Trimble, Julian & Grube, Inc.  
September 25, 2001



**SUNDAY CREEK VALLEY WATER DISTRICT**

**DECEMBER 31, 2000 AND 1999**

**SCHEDULE OF FINDINGS**

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

Finding Number	2000-SCVWD-001
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Ohio Revised Code Section 5705.41 (B) requires that no subdivision is to expend money unless it has been appropriated.

It was noted during the audit that for the year ended December 31, 2000, the District had expenditures exceeding appropriations in the following fund:

<u>Fund Type/Fund</u>	<u>Excess</u>
<u>Enterprise Fund:</u>	
Water	\$205,465

With expenditures plus encumbrances exceeding appropriations, the District is unlawfully expending monies that have not been appropriated.

We recommend that the District comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations and amending the budget prior to year end. This may be achieved by monitoring the budget more closely on a continual basis.

**SUNDAY CREEK VALLEY WATER DISTRICT**

**DECEMBER 31, 2000 AND 1999**

**SCHEDULE OF FINDINGS**

**1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)**

Finding Number	2000-SCVWD-002
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Ohio Revised Code Section 117.38 outlines the requirements for the filing of financial reports. GAAP basis entities must file annual reports with the Auditor of State within 150 days of the fiscal year end. Also, notification of availability of the financial statements in a local newspaper is required.

It was noted during the audit that District did not complete its financial report within the required deadline, nor did it publish its availability in a local newspaper.

By not timely filing its financial reports, the District delays its audit report. Thus, audited financial information is not available in a timely manner for District use as well as public information.

We recommend that the District make its best effort to complete its GAAP financial reports and submit them to the Auditor of State by the due date. This may require the District to insist that the District's GAAP consultant comply with the GAAP statements due date or to consider contracting with other consultants to ensure timely submission. Otherwise, the District may continue to be in non-compliance with this requirement, which does not provide for proper monitoring by the Auditor of State and the required audit, or for timely disclosure of the District's activities to its customers.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**SUNDAY CREEK VALLEY WATER DISTRICT**

**ATHENS 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 8, 2001**