



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**GEORGETOWN WATER DISTRICT  
HARRISON COUNTY**

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STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

Government Center  
242 Federal Plaza, Suite  
302  
Youngstown, Ohio 44503  
Telephone 330-797-9900  
800-443-9271  
Facsimile 330-797-9949  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

## REPORT OF INDEPENDENT ACCOUNTANTS

Georgetown Water District  
Harrison County  
48225 Cadiz Harrisville Road  
Cadiz, Ohio 43907

To the Board of Trustees:

We have audited the accompanying financial statements of Georgetown Water District, Harrison County (the District) as of and for the years ended December 31, 2001 and 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 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.

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 cash balances of Georgetown Water District as of December 31, 2001 and 2000, and its 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 May 21, 2002 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.

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**Jim Petro**  
Auditor of State

May 21, 2002



**GEORGETOWN WATER DISTRICT  
HARRISON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	<b>2001</b>	<b>2000</b>
<b>Operating Cash Receipts:</b>		
Charges for Services	\$27,871	\$24,349
Miscellaneous	668	1,063
Total Operating Cash Receipts	28,539	25,412
<b>Operating Cash Disbursements:</b>		
Salaries	4,713	4,773
Other Contractual Services	11,816	10,611
Supplies and Materials	993	3,238
Insurance	450	450
Miscellaneous	3,038	3,351
Total Operating Cash Disbursements	21,010	22,423
Operating Income/(Loss)	7,529	2,989
<b>Non-Operating Cash Receipts:</b>		
Interest	634	1,737
Total Non-Operating Cash Receipts	634	1,737
<b>Non-Operating Cash Disbursements:</b>		
Debt Service	18,100	8,300
Total Non-Operating Cash Disbursements	18,100	8,300
Net Receipts Over/(Under) Disbursements	(9,937)	(3,574)
Cash Balances, January 1	26,449	30,023
<b>Cash Balances, December 31</b>	<b>\$16,512</b>	<b>\$26,449</b>

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

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**GEORGETOWN WATER DISTRICT  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Georgetown Water District, Harrison 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 a five-member Board of Trustees appointed by the Shortcreek Trustees. The District provides water services to the 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**

Investments are included in fund cash balances. 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.

Certificates of deposit are valued at cost.

**D. Budgetary Process**

The Ohio Revised Code requires the District to adopt an annual budget. Contrary to Ohio law the District did not adopt an annual budget.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function or object level of control, and appropriations may not exceed estimated resources. Appropriation Authority includes current year appropriations plus encumbrances carried over from the prior year. The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end. The Board did not pass an annual appropriations measure.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The District did not estimate available resources.

**GEORGETOWN WATER DISTRICT  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Budgetary Process**

**3. Encumbrances**

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**E. 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.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2001	2000
Demand deposits	\$6,235	\$16,681
Certificates of deposit	10,277	9,768
Total deposits	\$16,512	\$26,449

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2001 and 2000 follows:

Fund Type	2001	2000
Budgeted Receipts	\$0	\$0
Actual Receipts	29,173	27,149
Variance	\$29,173	\$27,149

Budgeted vs. Actual Budgetary Basis Expenditures

	2001	2000
Appropriation Authority	\$0	\$0
Budgetary Expenditures	39,110	30,723
Total	(\$39,110)	(\$30,723)

**GEORGETOWN WATER DISTRICT  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY**

Contrary to Ohio law, the District did not estimate resources and did not pass by resolution an annual appropriation measure or adopt a budget.

**4. DEBT**

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
General Obligation Note	\$68,000	5%
Total	\$68,000	

The proceeds of the general obligation note were used for the installation of water and sewer lines. The notes are solely collateralized by future revenue from the District's water and sewer operations.

	General Obligation Notes
Year ending December 31:	
2002	\$7,400
2003	7,200
2004	7,000
2005	7,800
2006	7,550
2007-2013	56,550
Total	\$93,500

**5. RETIREMENT SYSTEM**

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 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The District has paid all contributions required through December 31, 2001.

**GEORGETOWN WATER DISTRICT  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**6. RISK MANAGEMENT**

**Commercial Insurance**

The District has obtained commercial insurance for the following risks:

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



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JIM PETRO, AUDITOR OF STATE

Government Center  
242 Federal Plaza West,  
Suite 302  
Youngstown, Ohio 44503  
Telephone 330-797-9900  
800-443-9271  
Facsimile 330-797-9949  
www.auditor.state.oh.us

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

Georgetown Water District  
Harrison County  
48225 Cadiz Harrisville Road  
Cadiz, Ohio 43907

To the Board of Trustees:

We have audited the accompanying financial statements of the Georgetown Water District, Harrison County, (the District) as of and for the years ended December 31, 2001 and 2000 and have issued our report thereon dated May 21, 2002. 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 Georgetown Water 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-61234-001 through 2001-61234-003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Georgetown 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.

Georgetown Water District  
Harrison County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended solely 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". The signature is stylized with a large, sweeping initial "J" and a long, horizontal stroke extending to the right.

**Jim Petro**  
Auditor of State

May 21, 2002

**GEORGETOWN WATER DISTRICT  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2001-61234-001**

**Ohio Revised Code § 5705.28(B)(2)(a)** states that the fiscal officers of non taxing units are to prepare an estimate of the total amount from all sources which is available for expenditures from each fund along with any unencumbered balances that existed at the end of the preceding year and to adopt an operating budget.

The Georgetown Water District did not prepare an estimate of available revenue for 2001 or 2000. Appropriations for each fund are limited to estimated resources as determined in the operating budget. Failure to estimate resources could result in appropriations exceeding the amounts of available resources. The Clerk should use a calendar with all applicable budgetary dates as a reminder to complete required documents.

**FINDING NUMBER 2001-61234-002**

**Ohio Revised Code § 5705.38** states that on or about the first day of each fiscal year, an appropriation measure is to be passed.

The District did not pass an annual appropriation measure for either 2001 or 2000. As noted in finding 2001-61234-003, expenditures are limited by the appropriations established for each fund, all expenditures made by the District for 2000 and 2001 were not in compliance with the Ohio Revised Code.

Failure to pass an appropriation measure, which serves as a tool by which expenditures can be monitored, could result in overspending. The District should pass an appropriations measure as required so that expenditures can be monitored and compliance with the Ohio Revised Code provisions can be attained. Appropriations should be limited to established resource estimates as noted in finding 2001-61234-001.

**FINDING NUMBER 2001-61234-003**

**Ohio Revised Code § 5705.41(B)** prohibits a subdivision from making an expenditure unless it has been properly appropriated.

As noted in finding 2001-61234-002, the District did not pass an annual appropriations measure for 2000 or 2001. Therefore, all expenditures made by the District during both years exceeded appropriations.

Failure to limit expenditures to appropriated levels could result in overspending and/or deficit balances. The District should pass all necessary budgetary measures and monitor the amounts to assure compliance with budgetary requirements.







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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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

**GEORGETOWN WATER 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  
JUNE 25, 2002**