



**MAYSVILLE REGIONAL WATER DISTRICT
MUSKINGUM COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

**MAYSVILLE REGIONAL WATER DISTRICT
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REPORT OF INDEPENDENT ACCOUNTANTS

Maysville Regional Water District
Muskingum County
6255 Maysville Pike
P.O. Box 1700
Zanesville, Ohio 43702-1700

To the Board of Trustees:

We have audited the accompanying financial statement of Maysville Regional Water District, Muskingum County, Ohio, (the District) as of and for the years ended December 31, 1999 and 1998. 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 District prepares its financial statement 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 statement referred to above presents fairly, in all material respects, the cash balance of the Maysville Regional Water District, Muskingum County, as of December 31, 1999 and 1998, 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 July 25, 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, 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

July 25, 2000

**MAYSVILLE REGIONAL WATER DISTRICT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCE
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

| | 1999 | 1998 |
|--|--------------------|--------------------|
| Operating Cash Receipts: | | |
| Charges for Services | \$705,868 | \$602,343 |
| Miscellaneous | 16,358 | 39,376 |
| | 722,226 | 641,719 |
| Operating Cash Disbursements: | | |
| Personal Services | 226,295 | 222,661 |
| Utilities | 34,829 | 35,790 |
| Repairs and Maintenance | 19,363 | 16,654 |
| Testing and Licences | 2,208 | |
| Other Contractual Services | 1,503 | 1,946 |
| Chemicals and Operating Supplies | 80,719 | 63,106 |
| Office Supplies and Materials | 10,242 | 16,131 |
| Insurance | 33,525 | 38,616 |
| Capital Outlay | 31,582 | 116,795 |
| | 440,266 | 511,699 |
| Operating Income/(Loss) | 281,960 | 130,020 |
| Non-Operating Cash Receipts: | | |
| Intergovernmental Revenues | | 64,300 |
| Interest | 53,248 | 58,202 |
| | 53,248 | 122,502 |
| Non-Operating Cash Disbursements: | | |
| Debt Service | | |
| Principal | 78,151 | 77,479 |
| Interest | 188,857 | 189,595 |
| Other Non-Operating Cash Disbursements | 6,540 | 19,797 |
| | 273,548 | 286,871 |
| Net Receipts Over/(Under) Disbursements | 61,660 | (34,349) |
| Cash Balance, January 1 | 1,044,389 | 1,078,738 |
| Cash Balance, December 31 | \$1,106,049 | \$1,044,389 |

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

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**MAYSVILLE REGIONAL WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Maysville Regional Water District, Muskingum County, (the District) is a water district organized under the provisions of Chapter 6119 of the Revised Code by the Common Pleas Court of Muskingum County on March 14, 1969. The District is directed by an appointed five-member Board of Trustees. Board members are appointed by the Common Pleas Court. The District was established to provide an adequate and uncontaminated water supply for the consumption of the District's users. The District serves all or parts of Springfield and Newton Townships in Muskingum County.

The District's management believes this financial statement presents all activities for which the District is financially accountable.

B. Basis of Accounting

This financial statement follows 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.

This statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Deposits 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 capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statement.

F. 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.

**MAYSVILLE REGIONAL WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 1999 AND 1998
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

| | <u>1999</u> | <u>1998</u> |
|-------------------------|--------------------|--------------------|
| Demand deposits | \$261,049 | \$199,389 |
| Certificates of deposit | <u>845,000</u> | <u>845,000</u> |
| Total deposits | <u>\$1,106,049</u> | <u>\$1,044,389</u> |

Deposits: Deposits were either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the District, or (3) collateralized by the financial institution's public entity deposit pool.

3. DEBT

Debt outstanding at December 31, 1999 was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|--------------------------|--------------------|----------------------|
| Water Revenue Bonds-1972 | \$896,000 | 5.000% |
| Water Revenue Bonds-1994 | 1,277,000 | 5.125% |
| Water Revenue Bonds-1997 | <u>1,532,369</u> | 4.875% |
| Total | <u>\$3,705,369</u> | |

During 1972, the District issued water revenue bonds to finance the construction and purchase of capital assets related to the water system. The bonds were issued for \$1,637,000 and have maturities through January 1, 2013. The loans will be repaid with the proceeds of water and sewer revenues in annual installments, in varying amounts, over 40 years. The Village has agreed to set utility rates sufficient to cover debt service requirements.

During 1994, the District issued water revenue bonds to purchase Lake Isabella. The bonds were issued for \$1,350,000 and have maturities through December 1, 2033. The loans will be repaid with the proceeds of water and sewer revenues in annual installments, in varying amounts, over 40 years. The Village has agreed to set utility rates sufficient to cover debt service requirements.

During 1997, the District issued water revenue bonds to make improvements to the water treatment plant, water storage facilities and the water transmission mains. The bonds were issued for \$1,563,000 and have maturities through December 1, 2037. The loans will be repaid with the proceeds of water and sewer revenues in annual installments of \$89,544 over 40 years. The Village has agreed to set utility rates sufficient to cover debt service requirements.

**MAYSVILLE REGIONAL WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 1999 AND 1998
(Continued)**

3. DEBT (Continued)

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

| Year ending December 31: | 1972 Water Revenue Bonds | 1994 Water Revenue Bonds | 1997 Water Revenue Bonds |
|-----------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| 2000 | \$97,300 | \$80,446 | \$89,544 |
| 2001 | 96,800 | 79,677 | 89,544 |
| 2002 | 96,200 | 79,909 | 89,544 |
| 2003 | 96,500 | 80,089 | 89,544 |
| 2004 | 96,650 | 80,218 | 89,544 |
| Subsequent | <u>848,750</u> | <u>2,321,809</u> | <u>2,933,827</u> |
| Total | <u>\$1,332,200</u> | <u>\$2,722,148</u> | <u>\$3,381,547</u> |

4. 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 1999 and 1998, 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

The District also provides health insurance 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***

Maysville Regional Water District
Muskingum County
6255 Maysville Pike
P.O. Box 1700
Zanesville, Ohio 43702-1700

To the Board of Trustees:

We have audited the accompanying financial statement of Maysville Regional Water District, Muskingum County, Ohio, (the District) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated July 25, 2000. 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 statement is 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*.

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 statement 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 statement 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 one other matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated July 25, 2000.

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", written in a cursive style.

Jim Petro
Auditor of State

July 25, 2000



**STATE OF OHIO
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MAYSVILLE REGIONAL WATER DISTRICT

MUSKINGUM 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**