



**TWIN CITY WATER AND SEWER DISTRICT
TUSCARAWAS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**TWIN CITY WATER AND SEWER DISTRICT
TUSCARAWAS COUNTY
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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees
Twin City Water and Sewer District
Tuscarawas County
1580 Boyd Street
Uhrichsville, OH 44683

To the Board of Trustees:

We have audited the accompanying financial statements of the Twin City Water and Sewer District, Tuscarawas County, Ohio, (the District) as of and for the years ended December 31, 1999 and 1998. 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 audits.

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. Those standards require that we plan and perform the audits 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 audits provide 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 District as of December 31, 1999 and 1998, 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 August 23, 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.

Board of Trustees
Twin City Water and Sewer District
Tuscarawas County
Report of Independent Accountants
Page 2

This report is intended solely for the information and use of 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", written in a cursive style.

Jim Petro
Auditor of State

August 23, 2000

**TWIN CITY WATER AND SEWER DISTRICT
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

	Enterprise	
	1999	1998
Operating Cash Receipts:		
Charges for Services	\$1,763,586	\$1,784,231
Guaranteed Deposits	22,341	22,028
Total Operating Cash Receipts	1,785,927	1,806,259
Operating Cash Disbursements:		
Personal Services	956,511	865,355
Utilities	175,913	165,719
Berm Repairs	16,127	17,024
Repair Pipe & Equipment	68,876	81,940
Supplies and Materials	68,789	57,023
Guarantee Deposit Refunds	16,132	18,825
Capital Outlay	375,420	359,390
Other	86,359	86,228
Total Operating Cash Disbursements	1,764,127	1,651,504
Operating Income	21,800	154,755
Non-Operating Cash Receipts:		
Contributions from Subdivisions	100,000	0
Interest	59,953	63,913
Intergovernmental	25,323	42,303
Other	49,909	54,462
Total Non-Operating Cash Receipts	235,185	160,678
Non-Operating Cash Disbursements:		
Debt Retirement	364,861	354,898
Other	9,136	39,024
Total Non-Operating Cash Disbursements	373,997	393,922
Excess of Receipts (Under) Disbursements	(117,012)	(78,489)
Fund Cash Balance, January 1	1,801,587	1,880,076
Fund Cash Balance, December 31	\$1,684,575	\$1,801,587

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

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**TWIN CITY WATER AND SEWER DISTRICT
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Twin City Water and Sewer District, Tuscarawas County, Ohio, (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 appointed five-member Board. The purpose of the District is to locate and provide safe drinking water to users within the District as well as the collection, treatment and disposal of waste water for those customers.

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. Cash and Investments

The District maintains cash in a checking account, savings account, and certificates of deposit which are valued at cost. The District's investments were limited to STAROhio.

D. Fund Accounting

The District uses fund accounting to segregate cash that is restricted as to use. The District classifies its funds in the Enterprise Fund type. These funds are used to 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 water service.

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

E. Budgetary Process

A budget of estimated cash receipts and disbursements is prepared by the District Board of Trustees in January of each year for the current operating year. However, the District will not be required by law to adhere to budgetary procedures prescribed in Chapter 5705 of the Ohio Revised Code until FY 2000.

**TWIN CITY WATER AND SEWER DISTRICT
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 in the financial statements.

G. Unpaid Vacation and Sick Leave

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

2. CASH AND INVESTMENTS

The District maintains a cash and investments 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	\$1,024,013	\$1,173,158
Certificates of deposit	<u>48,638</u>	<u>46,367</u>
Total deposits	1,072,651	1,219,525
STAR Ohio	<u>611,924</u>	<u>582,062</u>
Total deposits and investments	<u>\$1,684,575</u>	<u>\$1,801,587</u>

A. Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

B. Investments: STAROhio (an investment pool operated by the Ohio State Treasurer) is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

**TWIN CITY WATER AND SEWER DISTRICT
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
Enterprise	\$1,836,500	\$2,021,112	\$184,612

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriations	Budgetary Expenditures	Variance
Enterprise	\$1,916,600	\$2,138,124	(\$221,524)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
Enterprise	\$1,797,500	\$1,966,937	\$169,437

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriations	Budgetary Expenditures	Variance
Enterprise	\$1,945,774	\$2,045,426	(\$99,652)

4. RETIREMENT SYSTEM

The District's full-time permanent employees belong to the Public Employees Retirement System of Ohio (PERS). PERS is a cost-sharing, multiple-employer retirement plan. This plan provides retirement benefits, including post retirement 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, members of PERS contributed 8.5% of their wages to the PERS. The District contributed an amount equal to 13.55% of participants' gross salaries. The District has paid all contributions required through December 31, 1999.

**TWIN CITY WATER AND SEWER DISTRICT
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Farmers Home Administration Loans:		
Uhrichsville Dennison No. 91-14	\$1,823,000	5.00%
Uhrichsville Dennison No. 91-10	114,000	5.00%
Roanoke No. 91-09	582,477	5.00%
Roanoke No. 97-01	268,000	6.13%
Midvale No. 92-03	552,000	6.13%
Midvale No. 92-05	322,000	6.00%
Midvale No. 92-07	270,000	6.25%
Midvale No. 92-08	61,000	6.00%
Total	3,992,477	
Ohio Water Development Authority Loans:		
Loan No. PW-90	174,554	7.77%
Loan No. FW-86	71,857	6.61%
Total	246,411	
Ohio Public Works Commission Loan:		
Loan CN325	144,450	0%

Debt relating to Farmers Home Administration Loans, Ohio Water Development Authority Loans and Ohio Public Works Commission Loan was incurred for utility construction projects. Property owned by the District and revenue earned by the District have been pledged to repay these debts.

Of the Farmers Home Administration Loans, \$344,000 was originally incurred for the Midvale-Barnhill Sewer Improvement Project, which is to be repaid by Tuscarawas County as set forth in an agreement with the County.

The District entered into contractual agreements for construction loans with the Ohio Public Works Commission (OPWC). Under the terms of these agreements, the OPWC will reimburse, advance or directly pay the construction costs of approved projects.

**TWIN CITY WATER AND SEWER DISTRICT
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. DEBT (Continued)

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

Year ending <u>December 31:</u>	FMHA <u>Loans</u>	OWDA <u>Loans</u>	OPWC <u>Loan</u>
2000	\$296,030	\$47,229	\$10,700
2001	294,798	47,229	10,700
2002	295,415	47,229	10,700
2003	295,759	23,515	10,700
2004	294,831	23,515	10,700
Subsequent	<u>6,063,918</u>	<u>164,709</u>	<u>90,950</u>
Total	<u>\$7,540,751</u>	<u>\$353,426</u>	<u>\$144,450</u>

6. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- General liability
- Public officials' liability
- Employers liability
- Employee benefits liability

The District also provides health insurance coverage to full-time employees through the City of Uhrichsville Health Benefit Plan administered by Medical Benefits Administrators, Inc.

7. CONTINGENT LIABILITY

Amounts received from the grantor agencies are subject to audit and adjustments by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

8. SUBSEQUENT EVENT

On June 1, 2000, the District issued Water Resource Revenue Notes in the amount of \$2.828 million to finance improvements at the waste water treatment plant which were mandated by the Ohio EPA.

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

Board of Trustees
Twin City Water and Sewer District
Tuscarawas County
1580 Boyd Street
Uhrichsville, Ohio 44683

To the Board of Trustees:

We have audited the accompanying financial statements of the Twin City Water and Sewer District, Tuscarawas County, Ohio, (the District) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated August 23, 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 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 audits 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 an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated August 23, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, 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.

Board of Trustees
Twin City Water and Sewer District
Tuscarawas County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

However, we noted certain 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 August 23, 2000.

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.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

August 23, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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TWIN CITY WATER AND SEWER DISTRICT

TUSCARAWAS 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
OCTOBER 17, 2000**