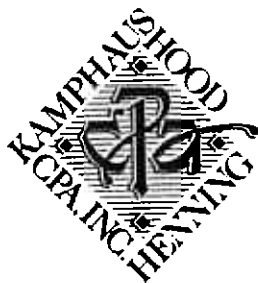


WAYNOKA REGIONAL WATER
& SEWER DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998



Kamphaus, Henning & Hood
Certified Public Accountants, Inc.

WAYNOKA REGIONAL WATER & SEWER DISTRICT
 FINANCIAL STATEMENTS
 DECEMBER 31, 1999 AND 1998

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215

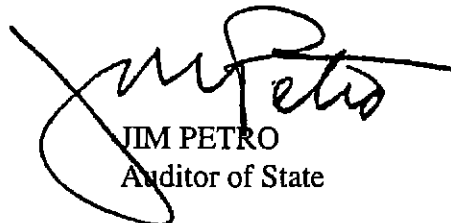
Telephone 614-466-4514
800-282-0370

Facsimile 614-728-7398

Board of Trustees
Waynoka Regional Water & Sewer District
Sardina, Ohio

We have reviewed the Independent Auditor's Report of the Waynoka Regional Water & Sewer District, Brown County, prepared by Kamphaus, Henning & Hood, for the audit period January 1, 1999 to December 31, 1999. 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 Waynoka Regional Water & Sewer District is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

March 20, 2000



Kamphaus, Henning & Hood
Certified Public Accountants, Inc.

1000 Ohio Pike, Suite 5
Cincinnati, Ohio 45245-2346
(513) 752-8350 (FAX) 752-8359
E-mail address: khhepa@one.net

Gerrard G. Kamphaus, CPA
Daniel P. Henning, CPA
Stephen L. Hood, CPA
Mitchell R. Geers, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Waynoka Regional Water & Sewer District
Sardinia, Ohio


We have audited the accompanying financial Statements of the Water and Sewer proprietary funds of Waynoka Regional Water & Sewer District (a Political Subdivision), Brown County, Ohio, for the year ended December 31, 1999 and 1998, as listed in the table of contents. 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 *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 misstatements. 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial Statements referred to above presents fairly, in all material respects, the financial position of the Water and Sewer proprietary funds of Waynoka Regional Water & Sewer District, Brown County, Ohio, as of December 31, 1999 and 1998, and the results of its operations and cash flows for the year ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report on our consideration of Waynoka Regional Water & Sewer District's internal control structure and a report on its compliance with laws and regulations dated January 12, 2000.

Our audit was made for the purpose of forming an opinion on the financial Statements taken as a whole. The accompanying information presented on pages 27 through 42 is presented for purposes of additional analysis and is not a required part of the financial Statements. Such information has been subjected to the procedures applied in the audit of the financial Statements and, in our opinion, is fairly stated in all material respects in relation to the financial Statements taken as a whole.


Kamphaus, Henning & Hood
Certified Public Accountants, Inc.

January 12, 2000

WAYNOKA REGIONAL WATER & SEWER DISTRICT
 COMBINING STATEMENTS OF REVENUES, EXPENSES AND
 CHANGES IN FUND EQUITY - ALL PROPRIETARY FUND TYPES
 FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	PROPRIETARY FUND TYPES		1999 TOTALS (MEMORANDUM ONLY) REPORTING ENTITY
	<u>WATER</u>	<u>SEWER</u>	
OPERATING REVENUES:			
Water And Tap Fees	\$ 223,011	\$ 0	\$ 223,011
Special Sewage Assessment Fees	0	101,309	101,309
Sewer Fees - Revenue Bonds	0	21,573	21,573
Sewer Tap, User And Grinder Pump Fees	0	316,506	316,506
Miscellaneous	<u>1,465</u>	<u>735</u>	<u>2,200</u>
TOTAL OPERATING REVENUES	224,476	440,123	664,599
OPERATING EXPENSES:			
Cost Of Operations (Schedule)	148,445	352,422	500,867
Administrative And General Expenses (Schedule)	<u>46,299</u>	<u>138,724</u>	<u>185,023</u>
TOTAL OPERATING EXPENSES	<u>194,744</u>	<u>491,146</u>	<u>685,890</u>
OPERATING INCOME (LOSS)	29,732	(51,023)	(21,291)
NON OPERATING REVENUES:			
Interest Income	814	6,832	7,646
Lease Income	<u>0</u>	<u>1,586</u>	<u>1,586</u>
TOTAL NON OPERATING REVENUES	<u>814</u>	<u>8,418</u>	<u>9,232</u>
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	30,546	(42,605)	(12,059)
OPERATING TRANSFERS OF FUNDS	<u>(55,088)</u>	<u>55,088</u>	<u>0</u>
NET INCOME (LOSS)	(24,542)	12,483	(12,059)
FUND EQUITY, JANUARY 1, 1999	<u>570,629</u>	<u>1,956,437</u>	<u>2,527,066</u>
FUND EQUITY, DECEMBER 31, 1999	<u>\$546,087</u>	<u>\$1,968,920</u>	<u>\$2,515,007</u>

See Independent Auditor's Report and Accompanying Notes
 Kamphaus, Henning & Hood

WAYNOKA REGIONAL WATER & SEWER DISTRICT
 COMBINING STATEMENTS OF REVENUES, EXPENSES AND
 CHANGES IN FUND EQUITY - ALL PROPRIETARY FUND TYPES
 FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	<u>PROPRIETARY FUND TYPES</u>		1998 TOTALS (MEMORANDUM ONLY) <u>REPORTING ENTITY</u>
	<u>WATER</u>	<u>SEWER</u>	
OPERATING REVENUES:			
Water And Tap Fees	\$185,946	\$ 0	\$ 185,946
Special Sewage Assessment Fees	0	99,485	99,485
Sewer Fees - Revenue Bonds	0	20,246	20,246
Sewer Tap, User And Grinder Pump Fees	0	278,803	278,803
Miscellaneous	<u>908</u>	<u>5,469</u>	<u>6,377</u>
TOTAL OPERATING REVENUES	186,854	404,003	590,857
OPERATING EXPENSES:			
Cost Of Operations (Schedule)	115,233	344,642	459,875
Administrative And General Expenses (Schedule)	<u>33,388</u>	<u>147,417</u>	<u>180,805</u>
TOTAL OPERATING EXPENSES	148,621	492,059	640,680
OPERATING INCOME (LOSS)	38,233	(88,056)	(49,823)
NON OPERATING REVENUES:			
Interest Income	617	9,764	10,381
Lease Income	<u>0</u>	<u>1,586</u>	<u>1,586</u>
TOTAL NON OPERATING REVENUES	617	11,350	11,967
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	38,850	(76,706)	(37,856)
OPERATING TRANSFERS OF FUNDS	(21,201)	21,201	0
NET INCOME (LOSS)	17,649	(55,505)	(37,856)
FUND EQUITY, JANUARY 1, 1998	552,980	2,011,942	2,564,922
FUND EQUITY, DECEMBER 31, 1998	\$570,629	\$1,956,437	\$2,527,066

See Independent Auditor's Report and Accompanying Notes
 Kamphaus, Henning & Hood

WAYNOKA REGIONAL WATER & SEWER DISTRICT
 COMBINING BALANCE SHEETS
 ALL PROPRIETARY FUNDS TYPES
 DECEMBER 31, 1999 AND 1998
 ASSETS

	PROPRIETARY FUND TYPES		1999 TOTALS (MEMORANDUM ONLY) REPORTING ENTITY
	<u>WATER</u>	<u>SEWER</u>	
CURRENT ASSETS			
CASH AND CASH EQUIVALENTS:			
Fifth Third Bank	\$ 28,591	\$ 174,329	\$ 202,920
Fifth Third Bank-Restricted	<u>0</u>	<u>2,928</u>	<u>2,928</u>
TOTAL CASH	28,591	177,257	205,848
ACCOUNTS RECEIVABLES:			
Water Availability Fees and User Fees	38,360	0	38,360
Sewer Fees - Operating	0	9,255	9,255
Sewer Fees - Revenue Bonds	0	451	451
Special Sewage Assessment Fees	0	38,226	38,226
Due From Sewer Plant			
Capital Improvement Fund	<u>67,432</u>	<u>0</u>	<u>67,432</u>
TOTAL ACCOUNTS RECEIVABLES	105,792	47,932	153,724
OTHER CURRENT ASSETS			
Interest Receivable	0	1,019	1,019
Inventory	110,675	16,037	126,712
Restricted Investment	0	100,000	100,000
Prepaid Expense	<u>1,534</u>	<u>0</u>	<u>1,534</u>
TOTAL OTHER CURRENT ASSETS	<u>112,209</u>	<u>117,056</u>	<u>229,265</u>
TOTAL CURRENT ASSETS	246,592	342,245	588,837
PROPERTY, PLANT, EQUIPMENT AND FURNITURE:			
Land	1,000	139,829	140,829
Water Plant	541,185	0	541,185
Equipment	41,871	122,315	164,186
Furniture	13,425	0	13,425
Sewer Plant	0	3,767,897	3,767,897
Vehicles	<u>0</u>	<u>19,592</u>	<u>19,592</u>
TOTAL PROPERTY, PLANT, EQUIPMENT AND FURNITURE	597,481	4,049,633	4,647,114
LESS: ACCUMULATED DEPRECIATION	(178,590)	(512,566)	(691,156)
NET PROPERTY, PLANT, EQUIPMENT AND FURNITURE	<u>418,891</u>	<u>3,537,067</u>	<u>3,955,958</u>
TOTAL ASSETS	<u>\$ 665,483</u>	<u>\$3,879,312</u>	<u>\$4,544,795</u>

See Independent Auditor's Report and Accompanying Notes
 Kamphaus, Henning & Hood

WAYNOKA REGIONAL WATER & SEWER DISTRICT
 COMBINING BALANCE SHEETS
 ALL PROPRIETARY FUND TYPES
 DECEMBER 31, 1999 AND 1998

LIABILITIES AND FUND EQUITY

	PROPRIETARY FUND TYPES		1999 TOTALS (MEMORANDUM ONLY) REPORTING ENTITY
	<u>WATER</u>	<u>SEWER</u>	
CURRENT LIABILITIES:			
Accounts Payable	\$ 8,457	5,533	13,990
Due to Operations – Water	0	67,432	67,432
Accrued Interest	0	8,141	8,141
Unearned Revenue	264	263	527
Current Portion Long Term Debt	<u>30,650</u>	<u>31,623</u>	<u>62,273</u>
TOTAL CURRENT LIABILITIES	39,371	112,992	152,363
LONG TERM LIABILITIES:			
Revenue Bonds	0	1,816,200	1,816,200
Note Payable - Back Hoe	0	12,823	12,823
Note Payable-Water Meter Installation	110,675		110,675
Less: Current Portion, Above	<u>(30,650)</u>	<u>(31,623)</u>	<u>(62,273)</u>
NET LONG TERM LIABILITIES	<u>80,025</u>	<u>1,797,400</u>	<u>1,877,425</u>
TOTAL LIABILITIES	119,396	1,910,392	2,029,788
FUND EQUITY:			
Contributed Capital - Grant Money	0	1,310,000	1,310,000
Retained Earnings Unreserved	546,087	554,973	1,101,060
Retained Earnings Reserved	<u>0</u>	<u>103,947</u>	<u>103,947</u>
TOTAL FUND EQUITY	<u>546,087</u>	<u>1,968,920</u>	<u>2,515,007</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 665,483</u>	<u>\$ 3,879,312</u>	<u>\$ 4,544,795</u>

See Independent Auditor's Report and Accompanying Notes
 Kamphaus, Henning & Hood

WAYNOKA REGIONAL WATER & SEWER DISTRICT
 COMBINING BALANCE SHEETS
 ALL PROPRIETARY FUNDS TYPES
 DECEMBER 31, 1999 AND 1998
 ASSETS

	PROPRIETARY FUND TYPES		1998 TOTALS (MEMORANDUM ONLY) REPORTING ENTITY
	<u>WATER</u>	<u>SEWER</u>	
CURRENT ASSETS			
CASH AND CASH EQUIVALENTS:			
Fifth Third Bank	\$ 45,137	\$ 154,693	\$ 199,830
Fifth Third Bank-Restricted	<u>0</u>	<u>4,493</u>	<u>4,493</u>
TOTAL CASH	45,137	159,186	204,323
ACCOUNTS RECEIVABLES:			
Water Availability Fees	37,738	0	37,738
Sewer Fees - Operating	810	2,490	3,300
Sewer Fees - Revenue Bonds	0	522	522
Special Sewage Assessment Fees	0	34,405	34,405
Due From Sewer Plant			
Capital Improvement Fund	<u>67,232</u>	<u>0</u>	<u>67,232</u>
TOTAL ACCOUNTS RECEIVABLES	105,780	37,417	143,197
OTHER CURRENT ASSETS			
Interest Receivable	0	1,744	1,744
Inventory	0	4,615	4,615
Restricted Investment	0	100,000	100,000
Prepaid Expense	<u>1,276</u>	<u>0</u>	<u>1,276</u>
TOTAL OTHER CURRENT ASSETS	1,276	106,359	107,635
TOTAL CURRENT ASSETS	152,193	302,962	455,155
PROPERTY, PLANT, EQUIPMENT AND FURNITURE:			
Land	1,000	139,829	140,829
Water Plant	541,185	0	541,185
Equipment	32,371	122,315	154,686
Furniture	13,425	0	13,425
Sewer Plant	0	3,765,807	3,765,807
Vehicles	<u>0</u>	<u>19,592</u>	<u>19,592</u>
TOTAL PROPERTY, PLANT, EQUIPMENT AND FURNITURE	587,981	4,047,543	4,635,524
LESS: ACCUMULATED DEPRECIATION	(157,956)	(382,055)	(540,011)
NET PROPERTY, PLANT, EQUIPMENT AND FURNITURE	430,025	3,665,488	4,095,513
TOTAL ASSETS	\$ <u>582,218</u>	\$ <u>3,968,450</u>	\$ <u>4,550,668</u>

See Independent Auditor's Report and Accompanying Notes
 Kamphaus, Henning & Hood

WAYNOKA REGIONAL WATER & SEWER DISTRICT
 COMBINING BALANCE SHEETS
 ALL PROPRIETARY FUND TYPES
 DECEMBER 31, 1999 AND 1998

LIABILITIES AND FUND EQUITY

	PROPRIETARY FUND TYPES		1998 TOTALS (MEMORANDUM ONLY) REPORTING ENTITY
	WATER	SEWER	
CURRENT LIABILITIES:			
Accounts Payable	\$ 10,995	\$ 77,062	\$ 88,057
Due To Operations - Water	0	67,232	67,232
Deferred Water Availability Fees	330	0	330
Accrued Interest	0	8,645	8,645
Unearned Revenue	264	264	528
Current Portion Long Term Debt	0	29,796	29,796
TOTAL CURRENT LIABILITIES	11,589	182,999	194,588
LONG TERM LIABILITIES:			
Revenue Bonds	0	1,833,900	1,833,900
Note Payable - Back Hoe	0	24,910	24,910
Less: Current Portion, Above	0	(29,796)	(29,796)
NET LONG TERM LIABILITIES	0	1,829,014	1,829,014
TOTAL LIABILITIES	11,589	2,012,013	2,023,602
FUND EQUITY:			
Contributed Capital - Grant Money	0	1,310,000	1,310,000
Retained Earnings Unreserved	570,629	540,200	1,110,829
Retained Earnings Reserved	0	106,237	106,237
TOTAL FUND EQUITY	570,629	1,956,437	2,527,066
TOTAL LIABILITIES AND FUND EQUITY	\$ 582,218	\$3,968,450	\$4,550,668

See Independent Auditor's Report and Accompanying Notes
 Kamphaus, Henning & Hood

WAYNOKA REGIONAL WATER & SEWER DISTRICT
WATER AND SEWER FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	1999 TOTAL <u>ALL FUNDS</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Loss	\$ (12,059)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES:	
Depreciation	151,146
CHANGE IN ASSETS AND LIABILITIES:	
Accounts Receivable:	
Water Availability Fees	(952)
Sewer Fees - Operating	(5,955)
Sewer Fees - Revenue Bonds	71
Special Sewage Assessment Fees	(3,821)
Interest Receivable	725
Prepaid Expenses	(258)
Inventory	(122,097)
Accounts Payable	(74,069)
Accrued Interest	<u>(504)</u>
NET CASH USED BY OPERATING ACTIVITIES:	(67,773)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Loan -Water Meter Installation	110,675
Purchase Of Property and Equipment	(11,590)
Principal Payment Of Revenue Bonds	(17,700)
Principal Payments Of Long Term Debt	<u>(12,087)</u>
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES:	<u>69,298</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,525
CASH AND CASH EQUIVALENTS, JANUARY 1, 1999	<u>204,323</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31, 1999	\$ <u>205,848</u>

See Independent Auditor's Report and Accompanying Notes
Kamphaus, Henning & Hood

WAYNOKA REGIONAL WATER & SEWER DISTRICT
WATER AND SEWER FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	<u>1998 TOTAL ALL FUNDS</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Loss	\$ (37,856)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Depreciation	149,234
CHANGE IN ASSETS AND LIABILITIES:	
Accounts Receivable:	
Water Availability Fees	(2,268)
Sewer Fees - Operating	2,796
Sewer Fees - Revenue Bonds	197
Special Sewage Assessment Fees	(3,860)
Other	(440)
Interest Receivable	(821)
Prepaid Expenses	849
Inventory	18,222
Accounts Payable	55,656
Accrued Interest	<u>(242)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES:	181,467
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase Of Property and Equipment	(70,116)
Principal Payment Of Revenue Bonds	(17,000)
Principal Payments Of Long Term Debt	<u>(11,378)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES:	<u>(98,494)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	82,973
CASH AND CASH EQUIVALENTS, JANUARY 1, 1998	<u>121,350</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31, 1998	<u>\$204,323</u>

See Independent Auditor's Report and Accompanying Notes
Kamphaus, Henning & Hood

WAYNOKA REGIONAL WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

NOTE #1 - Summary of Significant Accounting Policies

Nature of Operations

Waynoka Regional Water & Sewer District (the District) was incorporated as a Political Subdivision, on February 7, 1992, under the laws of the State of Ohio, for the purpose of providing utility services to Waynoka Property Owners Association and its members. The District is managed by a nine member board of trustees elected by the membership of the Waynoka Community. The audited financial Statements reflect the combined Water and Sewer enterprise funds maintained by the District. The District's audited financial Statements are on the accrual basis of accounting. The District is operating as an enterprise fund which accounts for operations that are financed and operated in a manner similar to a private business enterprise.

Estimates

The preparation of financial Statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial Statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Proprietary Fund Activities and Policies

The District uses proprietary funds to account for its ongoing activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the District's business activities are accounted for through proprietary funds. The generally accepted accounting principles here are those applicable to similar businesses in the private sector, the measurement focus is on determination of net income, financial position, and cash flow.

Revenues earned and expenses incurred are recognized and classified in a governmental entity's proprietary funds in essentially the same manner as in business-type accounting and financial reporting.

To ensure observance of limitations and restrictions placed on the use of resources available to the District, the accounts in its internal accounting records are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting purposes into funds established according to their nature and purpose.

Separate accounts are maintained for each enterprise fund, however, in the accompanying financial Statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

See Independent Auditor's Report
Kamphaus, Henning & Hood

WAYNOKA REGIONAL WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

NOTE #1 - Summary of Significant Accounting Policies (Continued)

Proprietary Fund Activities and Policies (Continued)

The financial Statements are presented in two self-balancing proprietary fund types as follows:

Water Fund -	Used for current water service operating purposes
Sewer Fund -	Used for current sewer service operating purposes and controls the construction of the waste water treatment plant, sewer lines and pumps

These two enterprise funds listed above are proprietary funds. These funds account for operations that are organized to be self-supporting through user fees or charges. These enterprise funds are used to account for the District's activities that are similar to those often found in the private sector.

The District completed the initial construction of the wastewater treatment plant (sewer plant), sewer lines and pumps during the year ended December 31, 1997. The wastewater treatment plant (sewer plant) became operational on November 1, 1995 and is included as part of the operations of the sewer fund. However, the District is expanding the sewer lines each year.

Property, Plant, Equipment and Furniture

Property, plant, equipment and furniture are stated at cost. Depreciation expense is calculated on the straight-line method with the plant, tanks and lines being depreciated at a rate of 3% per year and other equipment and fixtures at a rate of 10% per year. The depreciation methods are designed to amortize the costs of the assets over their estimated useful lives. Depreciation expense for the year ended December 31, 1999 and 1998 was \$151,146 and \$149,234, respectively.

Maintenance and repairs are charged to expense as incurred. When facilities are retired or otherwise disposed of, the cost is removed from the asset accounts and the related depreciation reserve is adjusted with the difference being charged to income or expense.

Income Taxes

The District is a Political Subdivision of the State of Ohio and is exempt from Federal income tax.

See Independent Auditor's Report
Kamphaus, Henning & Hood

WAYNOKA REGIONAL WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

NOTE #1 - Summary of Significant Accounting Policies (Continued)

Revenue Income

The District earns revenue from the following sources:

- Annual water availability usage fee of \$60 without Tap and \$180 with Tap.
- A one time water tap fee of \$800; raised to \$1,000 effective November 1, 1998.
- A one time sewer tap fee of \$500; raised to \$1,000 effective November 1, 1998.
- New homes constructed a grinder pump fee of \$4,500; raised to \$5,000 effective November 1, 1998.
- A one time special sewer assessment fee of \$1,049.83 effective July 18, 1995.
- Sewer extension one time on New Phase \$1,050.

If the homeowners did not pay the special sewer assessment by August 18, 1995, then they are required to pay \$62.90 annually over forty (40) years (the life of the 1995 Revenue Bonds) unless the bonds are paid off early according to a payment plan schedule developed by the District's Board of Trustees. Since the sewer system is substantially completed, the District charges a quarterly sewer user fee of \$88.50.

Contributed Capital

The District recognizes grant income as contributed capital due to the fact that the grant money received during the year ended December 31, 1997 for the proprietary funds was restricted for the construction of the waste water treatment plant (sewer plant), sewer lines and pumps. The District did not receive any grant money during the fiscal year ending December 31, 1999 and 1998.

Interfund Receivables and Payables

All interfund borrowings are made from unreserved retained earnings and are authorized by the District's Board of Trustees. The amounts due to the Sewer and Water Operating Funds are payable without interest and arise out of the need to provide the Sewer Plant Capital Improvement Fund operational funds on the construction of the sewer plant until permanent funding became available.

Construction

The District is in Phase II of their construction plan. The District is designing and has a permit to install a low-pressure sewer line system.

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WAYNOKA REGIONAL WATER & SEWER DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 1999 AND 1998

NOTE #1 - Summary of Significant Accounting Policies (Continued)

Statements of Cash Flows

For purposes of the Statements of cash flows, the District considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Use of FASB Pronouncements

The District follows the same application of FASB pronouncements for all proprietary activities, including component units, in the general-purpose financial Statements.

NOTE #2 - Restricted Investment

The restricted investment consists of two (2) Certificates of Deposit in the amount of \$50,000, each, which are held by Fifth Third Bank of Southern Ohio and National Bank and Trust, both federally insured institutions, due to mature on November 5, 2000 and July 15, 2000 respectfully.

NOTE #3 - Concentration of Credit Risk

The District's financial instruments that are exposed to concentrations of credit risk consist of cash and cash equivalents. The District maintains all cash accounts in a local financial institution. These accounts are insured by the Federal Deposit Insurance Corporation up to \$100,000 for each account. At December 31, 1999 and 1998, there were one cash balance in excess of the \$100,000 federal insurance limit and at the end of December 31, 1998, there were no cash balances in excess of the \$100,000 federal insurance limit.

All deposits and cash equivalents are in a local financial institution and are carried at cost, plus accrued interest, if applicable.

	1999	1998	1999	1998	
	<u>Carrying</u>	<u>Carrying</u>	<u>Bank</u>	<u>Bank</u>	<u>Enterprise</u>
	<u>Amount</u>	<u>Amount</u>	<u>Balance</u>	<u>Balance</u>	<u>Fund</u>
Checking (Insured - FDIC)	\$ 28,591	\$ 45,137	\$ 28,650	\$ 45,563	Water
Checking (Insured - FDIC)	23,042	51,146	23,203	52,615	Sewer
Checking (Insured - FDIC)	6,387	12,705	6,387	12,573	Sewer
Savings (Insured - FDIC)	126,536	95,335	126,183	94,334	Sewer
Savings (Insured - FDIC)	<u>21,292</u>	<u>0</u>	<u>21,292</u>	<u>0</u>	Sewer
	<u>\$205,848</u>	<u>\$ 204,323</u>	<u>\$ 205,715</u>	<u>\$ 205,085</u>	

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WAYNOKA REGIONAL WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

NOTE #4 - Inventory

Inventory consists of water meters and grinder pumps purchased for resale to Lake Waynoka property owners in new construction applications. The grinder pumps and water meters that have not been installed are valued at cost on a first-in, first-out basis. There are also 550 water meters in inventory that are waiting to be installed. The District has decided to install water meters and to charge homeowners for their actual usage of water.

NOTE #5 - 1995 Revenue Bonds Payable

During the year ended February 28, 1996, the District issued three (3) tax-exempt bond series dated September 20, 1995 (the 1995 Revenue Bonds). The 1995 Revenue Bonds were purchased by the United States Department of Agriculture - Farmers Home Administration and their aggregated principal amount was \$1,874,700 consisting of the following series:

Waynoka Regional Water & Sewer District Water Resource Revenue Bond, Series A	\$1,358,700
Waynoka Regional Water & Sewer District Water Resource Revenue Bond, Series B	216,000
Waynoka Regional Water & Sewer District Water Resource Revenue Bond, Series C	<u>300,000</u>
	<u>\$1,874,700</u>

The 1995 Revenue Bonds mature June 1, 2035 and bear an interest rate of 5.125% per annum on the outstanding principal balance thereof, calculated on the basis of a 365-day year and actual number of days elapsed. Interest on the 1995 Revenue Bonds is payable starting on June 1, 1996 and semiannually thereafter on each December 1st and June 1st.

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WAYNOKA REGIONAL WATER & SEWER DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 1999 AND 1998

NOTE #5 - 1995 Revenue Bonds Payable (Continued)

The aggregate principal balance of the 1995 Revenue Bonds outstanding as of December 31, 1999 and 1998 was \$1,816,200, consisting of \$1,316,200 Series A, \$209,300 Series B, and \$290,700 Series C. The maturity of the 1995 Revenue Bonds principal balances are as follows:

YEAR ENDED DECEMBER 31	SERIES			TOTAL
	A	B	C	
2000	13,600	2,200	3,000	18,800
2001	14,300	2,200	3,200	19,700
2002	15,000	2,400	3,300	20,700
2003	15,800	2,500	3,500	21,800
2004	16,600	2,600	3,500	22,700
Thereafter	<u>1,240,900</u>	<u>197,400</u>	<u>274,200</u>	<u>1,712,500</u>
	<u>\$1,316,200</u>	<u>\$209,300</u>	<u>\$290,700</u>	<u>\$1,816,200</u>

The aggregate principal balance of the 1995 Revenue Bonds outstanding as of December 31, 1998 was \$1,833,900, consisting of \$1,329,100 Series A, \$211,300 Series B, and \$293,500 Series C. The maturity of the 1995 Revenue Bonds principal balances are as follows:

YEAR ENDED DECEMBER 31	SERIES			TOTAL
	A	B	C	
1999	\$12,900	\$2,000	\$2,800	\$17,700
2000	13,600	2,200	3,000	18,800
2001	14,300	2,200	3,200	19,700
2002	15,000	2,400	3,300	20,700
2003	15,800	2,500	3,500	21,800
Thereafter	<u>1,257,500</u>	<u>200,000</u>	<u>277,700</u>	<u>1,735,200</u>
	<u>\$1,329,100</u>	<u>\$211,300</u>	<u>\$293,500</u>	<u>\$1,833,900</u>

The accrued interest on the 1995 Revenue Bonds as of December 31, 1999 and 1998 was \$7,717 and \$7,796, respectively. The amount of interest expensed on the 1995 Revenue Bonds during the year ended December 31, 1999 and 1998 was \$93,762 and \$94,643, respectively.

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WAYNOKA REGIONAL WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

Bonds of each series maturing on or after June 1, 2006 are subject to redemption by the District in whole or in part, in inverse numerical order on any interest payment date (i.e. June 1st or December 1st) on or after December 1, 2005, at their par value plus accrued interest to the date fixed for redemption; provided, however, that any 1995 Revenue Bonds held by the Farmers Home Administration may be redeemed in whole or in part at any time in inverse order of principal maturity without premium. Notice of redemption, identifying the 1995 Revenue Bonds or portions thereof, to be called, shall be mailed by (certified) mail to the registered Bond holders not less than thirty (30) days prior to the date of redemption.

The 1995 Revenue Bonds, together with interest thereon, are payable primarily from assessment revenues of the newly constructed waste water treatment plant provided, however, that, if otherwise lawful, from the general resources as resolved by the District's Board of Trustees. As long as the 1995 Revenue Bonds are outstanding, the District has pledged all of the revenues of the District to secure the payment of the principal of and interest on the Bonds. Revenue is defined as all rentals and other charges received by the District for the use or services of the sewer system; all special assessments levied and collected by the District; any gifts or grants received with respect to payment of principal of and interest on the Bonds; and monies received in repayment of the principal of and interest on any loan made by the District to a political subdivision.

Under the provisions of the 1995 Revenue Bonds, as long as the Bonds are outstanding, the District is required to establish and maintain four (4) separate funds within its internal Sewer Operating Fund records to collect revenues from the sewer system and pay the principal and interest on the Bonds. The four required internal funds are as follows:

Sewer System Revenue Fund
Surplus Fund

Bond Service Fund
Reserve Fund

All revenues from the operation of the sewer system are required to be deposited into the Sewage System Revenue Fund. However, revenues generated or derived from the special assessments by the District shall be deposited upon receipt into the Bond Service Fund. The Sewage System Revenue Fund will provide for the day-to-day working capital of the sewer system. Out of the Sewage System Revenue Fund (only after reserving therein at all times an adequate sum as working capital) the District can make the following payments in the following order:

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WAYNOKA REGIONAL WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

NOTE #5 - 1995 Revenue Bonds Payable (Continued)

- (1) All reasonable and proper expenses of operating and maintaining the sewer system and all its appurtenances excluding utilities not relating to the operations of the sewer plant as a single unit, depreciation and capital replacements.
- (2) Monthly, on the 10th of each month into the Bond Service Fund;
 - A.) 1/6th of the amount necessary to provide for the payment of the interest due on the next ensuing interest payment date upon the outstanding principal balance of the 1995 Revenue Bonds, other than the Water Resource Revenue Bonds Series A and B; and
 - B.) 1/6th of the amount necessary to provide for payment of the next ensuing principal maturity of all Bonds outstanding other than Water Resource Revenue Bonds Series A and B.
- (3) Monthly, such sum in addition to any of the foregoing allocations as may be necessary and available, after meeting the requirements of paragraphs (1) and (2) above, to make up any previous deficiency in any such monthly allocation.
- (4) Out of the balance of income and revenue after the allocations required by paragraphs (1) through (3) above have been made, the District shall set aside into the Revenue Fund, but only to the extent the amount on deposit therein is less than \$100,000 (referred hereinafter as the Bond Reserve Requirement) each month a sum which is equal to 1/120th of the Bond Reserve Replacement, or such lesser amount as may be necessary to cause the amount on deposit in such Fund to equal the Bond Reserve Requirement, and
- (5) Annually, beginning January 15, 1997, the revenues available in the Sewage System Revenue Fund, at the end of the preceding calendar year, after making the payments required by paragraphs (1) through (4) above, and after reserving therein an amount sufficient to provide adequate working capital and to provide necessary accruals against the current requirements of paragraphs (1) through (4) above, shall be transferred to the Surplus Fund.

The Bond Service Fund shall be used solely for the payment of the principal and interest on the Bonds, and to the extent permitted, for the redemption of the Bonds.

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WAYNOKA REGIONAL WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

NOTE #5 - 1995 Revenue Bonds Payable (Continued)

The Reserve Fund shall be initially funded in the amount of \$100,000 (the Bond Reserve Requirement) with available funds of the District, and, subject to prior approval of the Farmers Home Administration (so long as it is the registered holder of the bonds) shall be used and disbursed only for the purpose of paying when necessary for the purpose of making payments of principal and interest on the Bonds if the amount in the Bond Service Fund is not sufficient to meet such payments and the cost of repairing or replacing and damage to the sewer system and for making extensions or improvements to the sewer system. On the 5th business day following the end of each fiscal year of the District, monies on deposit in the Reserve Fund in excess of the Bond Reserve Requirement shall be transferred to the Bond Service Fund and used to pay debt service on the Bonds on the next ensuing interest payment date.

The Surplus Fund shall, to the extent necessary, from time to time be transferred to the Bond Service Fund to permit the payment of all obligations payable from such fund, junior lien bonds including the retirement of general obligation debt issued for improvements to or extensions of the sewer systems or the payment of debt service requirements on additional revenue bonds issued for improvements to or extensions of the sewer system.

Interest income on any monies or investments in any of the four (4) internal funds is credited to the fund containing the monies or investments on which the interest was earned.

NOTE #6 - Contributed Capital

During the year ended December 31, 1997, the District received contributed capital from two (2) grants.

To assist the District in its construction of the wastewater treatment plant and the installation of sewer lines and pipes, the United States Department of Agriculture - Farmers Home Administration issued two grants of \$1,000,000 and \$250,000. Amounts received under the two grants in the years prior to year ended December 31, 1998 was \$1,237,522. Total amount received during the year ended December 31, 1997 under the two (2) Farmers Home Administration grants was \$12,478. Total amounts received under the two (2) Farmers Home Administration grants is \$1,250,000.

The District did not receive any grant money during the fiscal year ending December 31, 1999 or 1998.

The District also received a grant totaling \$60,000 from the Ohio Public Works Commission during the fiscal year ended February 29, 1996.

The contributed capital on the balance sheet is the total of the Farmers Home Administration grant of \$1,250,000 plus the \$60,000 from the Ohio Public Works Commission which totals \$1,310,000.

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WAYNOKA REGIONAL WATER & SEWER DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 1999 AND 1998

NOTE #7 - Related Party Transactions

The District exclusively serves the property owners of the Waynoka Property Owners Association. Each property owner is required to pay an annual water availability fee. The District paid various amounts to the Association for the use of its office facilities, and administrative and maintenance personnel and equipment.

The District's contract with the Waynoka Property Owners Association as of the year ended December 31, 1999 was approximately \$16,532.25 per month (\$198,387 annually) and the contract was approximately \$16,959.52 per month (\$203,519 annually) for the year ended December 31, 1998.

The District and Waynoka Property Owners Association entered into a lease agreement in 1996 whereas Waynoka Property Owners Association is leasing 1800 square feet of the maintenance building from the District. Annual lease payments to the District are \$1,586. The lease expires December 31, 2000. The District will also collect a prorated portion of the monthly electric bill in addition to the above lease. The District has a lease with the Waynoka Property Owners Association for the lease of the copier starting February 3, 1999 for \$99 per month which can be terminate by either party with a thirty day notice.

NOTE #8 - Long Term Debt

Note payable – Southeastern Equipment Company, Inc.

The District purchased a backhoe from the Southeastern Equipment Co. for a total price of \$49,389. Terms consist of a down payment of \$13,550 at purchase and annual payments of \$13,550 due June 3rd of each fiscal year, expiring June 3, 2000. The interest rate is 5.9% for the life of the loan. Interest expense on this note for the year ended December 31, 1999 is \$515 and interest paid on this note for the year was \$1,455. Interest expense on this note for the year ended December 31, 1998 is \$1,939 and interest paid on this note for the year ended December 31, 1998 was \$2,182.

The maturity of this note is as follows:

	1999	1998
1999		\$12,087
2000	\$ 12,823	12,823
2001	0	0
2002	0	0
2003	0	0
2004	0	0
Thereafter	0	0
	<u>\$12,823</u>	<u>\$ 24,910</u>

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WAYNOKA REGIONAL WATER & SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

NOTE #8 - Long Term Debt (Continued)

Note payable - Water Meter Installation

The District purchased water meters and settings from Utility Service and Supply for a total price of \$110,675. The purchase of the water meters is classified as a long term debt because the loan to finance the water meters was approved by the Ohio Water Development Authority at their board meeting on December 16, 1999. The loan agreement was signed by Waynoka Regional Water & Sewer District on December 10, 1999 but the agreement or loan will not become effective until execution of the agreement is signed by all parties. The face amount of the loan will be \$178,634, the loan should occur during February of 2000. The loan will be for a term of five years with semi-annual payments of approximately \$19,473 at an annual interest rate of 3.20% approximately. If the District financed by a conventional loan the annual interest rate would be approximately 6.13%. The loan will cover the installation of the water meters and the related cost of installing the water meters.

The maturity of this note is as follows for \$178,634 will approximately be paid off in the following manner if all the terms and time the loan is received remain the same as stated above:

2000	\$ 30,650
2001	34,476
2002	35,595
2003	36,751
2004	37,945
Thereafter	<u>3,217</u>
	<u>\$ 178,634</u>

Total current portion of Long Term Debt for the revenue bonds, backhoe and water meters is \$62,273.

NOTE # 9 -LEASING DISTRICT'S EQUIPMENT TO WPOA

The District has purchased a copier that has the capacity of making 7,000 copies and the District will use about half of the copies each year so the District wants to lease the other half of the copies to WPOA. The District has obtained an opinion from their attorney that states that they can lease District's equipment to WPOA under Ohio Revised Code Section 6119.06(L). The District is obtaining a legal opinion of this matter from the State of Ohio legal counsel.

NOTE #10 - SUBSEQUENT EVENT

On January 21, 2000, a lawsuit was filed against the district for their decision to install water meters within the District. The lawsuit wants to stop the installation of these water meters. Management believes that its decision to install water meters are within the District best interest and that the decision is fiscally sound decision. Management intends to contest this lawsuit.

See Independent Auditor's Report
Kamphaus, Henning & Hood



Kamphaus, Henning & Hood
Certified Public Accountants, Inc.

1000 Ohio Pike, Suite 5
Cincinnati, Ohio 45245-2346
(513) 752-8350 (FAX) 752-8359
E-mail address: khcpa@one.net

Gerrard G. Kamphaus, CPA
Daniel P. Henning, CPA
Stephen L. Hood, CPA
Mitchell R. Geers, CPA

**INDEPENDENT AUDITOR'S 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
Waynoka Regional Water
& Sewer District
Sardinia, Ohio

We have audited the financial Statements of Water and Sewer proprietary funds of Waynoka Regional Water & Sewer District, Brown County, Ohio, as of and for the year ended December 31, 1999 and 1998, and have issued our report thereon dated January 12, 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 Water and Sewer proprietary funds of Waynoka Regional Water & Sewer District, Brown County, Ohio, financial Statements are free of material misstatements, 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 Statements 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 reportable conditions on pages 22 through 24 details. We noted certain reportable conditions that we have reported to the Board of Trustees of Waynoka Regional Water & Sewer District in a separate letter dated January 12, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Water and Sewer proprietary funds of Waynoka Regional Water & Sewer District, Brown County, Ohio, 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to

Waynoka Regional Water
& Sewer District
Internal Control & Compliance Letter
Page 2

significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Water and Sewer proprietary funds of Waynoka Regional Water & Sewer District, Brown County, Ohio, ability to record, process, summarize and report financial data consistent with the assertions of management in the financial Statements. Reportable conditions are described in the accompanying schedule of reportable conditions on pages 24 through 26 for details.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We also noted certain reportable conditions that we have reported to the Board of Trustees of Waynoka Regional Water & Sewer District in a separate letter dated January 12, 2000.

This report is intended for the information of the audit committee, management, and Public Office Waynoka Regional Water & Sewer District (a political subdivision). However, this report is a matter of public record, and its distribution is not limited.



Kamphaus, Henning & Hood
Certified Public Accountants, Inc.

January 12, 2000

WAYNOKA REGIONAL WATER & SEWER DISTRICT
SCHEDULE OF REPORTABLE CONDITIONS

Current reportable conditions for the year ended December 31, 1999 and 1998.

1. Condition

We noted that the funds between Waynoka Regional Water & Sewer District and Waynoka Property Owners Association continued to be intermingled due to property owners remitting one check for both water fees and Property Owner Association dues. This condition has existed for the last couple of years and was included in our Schedule of Items of Noncompliance dated January 14, 1999.

Criteria

The District should not intermingle funds of Waynoka Regional Water & Sewer District with funds from Waynoka Property Owners Association.

Effect

Funds are deposited in Waynoka Property Owners Association for a short period of time until Waynoka Regional Water & Sewer District fees are transferred from Waynoka Property Owners Association's bank account.

Cause

The funds are deposited in Waynoka Property Owners Association account because the owner has made the check payable to the Association for the water fees and Property Owner Association dues. Management does not want to send the Property Owners' checks back due to the time factor of receiving the two separate checks and also due to collecting on past due accounts.

Recommendation

In order to stop the intermingling of funds, we recommend that the check is returned to the property owner and that management request that two separate checks are written, one for the water fees and one for Waynoka Property Owners Association fees. Management has not complied with our recommendation because it is not cost beneficial to do so.

WAYNOKA REGIONAL WATER & SEWER DISTRICT
SCHEDULE OF REPORTABLE CONDITIONS

Current reportable conditions for the year ended December 31, 1999 and 1998.
(Continued)

2. Condition

The District currently does not have a computer program for accounts receivable suited for their business. Currently they are using Microsoft Excel and Microsoft Access. A program designed for their needs will help improve cash flows and provide an aging report to enable the District to manage their receivables more effectively. The system is working and is able to age their accounts receivable package. The District has purchased and installed an accounts receivable software package which is designed for water and sewer systems during January of 2000 which should be able to handle their future and current needs.

Criteria

Management should have an accounts receivable software package suited for their needs.

Effect

Management currently is not able to print an aging report or track details of individual accounts on a continual basis. The Microsoft Excel and Microsoft Access has been updated to print an aging report and modified for their needs.

Cause

Computer System crashed in March 1997.

Recommendation

The Waynoka Regional Water & Sewer District purchase an accounts receivable package capable of managing all accounts. The District has purchased and installed an accounts receivable software package designed for water and sewer systems during January of 2000. The accounts receivable package is up and running with current rates and charges.

WAYNOKA REGIONAL WATER & SEWER DISTRICT
SCHEDULE OF REPORTABLE CONDITIONS

Current reportable conditions for the year ended December 31, 1999.
(Continued)

3. Condition

The District cashed in a Certificate of Deposit for \$50,000, which was to be held in the Reserve Account. The restriction on the bonds state that the \$100,000 is suppose to stay in reserve and not be released without Farmers Home Administration approval. The money was released to pay a sewer construction invoice and the District has paid back the reserve account the \$50,000 Certificate of Deposit as of November 1999. The reserve account is back up to its \$100,000.

Criteria

The District should not have released the \$50,000 without Farmer's Home Administration approval.

Effect

The District released funds without Farmers Home Administration approval for the purpose of paying a sewer construction invoice and the funds have been repaid.

Cause

The District needed the funds to pay a sewer construction invoice.

Recommendation

The Waynoka Regional Water & Sewer District needs to consider all terms of the loans and bonds before action is taken.

WAYNOKA REGIONAL WATER & SEWER DISTRICT
 SCHEDULES OF COST OF OPERATIONS
 ALL PROPRIETARY FUND TYPES
 FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	PROPRIETARY FUND TYPES		1999 TOTALS (MEMORANDUM ONLY) REPORTING ENTITY
	<u>WATER</u>	<u>SEWER</u>	
Contract - Waynoka Property			
Owners Association	\$ 65,895	\$ 66,363	\$132,258
Cost Of Tap Installations	12,770	16,611	29,381
Cost Of Tap and Grinder Pump			
Installations	0	121,711	121,711
Utilities	8,240	9,799	18,039
Repairs and Maintenance	10,343	9,105	19,448
Insurance	5,620	4,324	9,944
Depreciation	28,780	122,366	151,146
Testing and Lab Expense	5,748	2,143	7,891
Chemicals	<u>11,049</u>	<u>0</u>	<u>11,049</u>
 TOTAL COST OF OPERATIONS	 <u>\$ 148,445</u>	 <u>\$352,422</u>	 <u>\$500,867</u>

See Independent Auditor's Report and Accompanying Notes
 Kamphaus, Henning & Hood

WAYNOKA REGIONAL WATER & SEWER DISTRICT
 SCHEDULES OF COST OF OPERATIONS
 ALL PROPRIETARY FUND TYPES
 FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	PROPRIETARY FUND TYPES		1998 TOTALS (MEMORANDUM ONLY) REPORTING ENTITY
	<u>WATER</u>	<u>SEWER</u>	
Contract - Waynoka Property			
Owners Association	\$ 54,273	\$ 81,407	\$135,680
Cost Of Tap Installations	8,110	17,738	25,848
Cost Of Tap and Grinder Pump			
Installations	0	87,445	87,445
Utilities	9,874	9,286	19,160
Repairs and Maintenance	3,030	5,385	8,415
Insurance	5,760	7,461	13,221
Depreciation	18,048	131,186	149,234
Testing and Lab Expense	2,805	3,109	5,914
Chemicals	13,333	0	13,333
Solid Waste Disposal	<u>0</u>	<u>1,625</u>	<u>1,625</u>
 TOTAL COST OF OPERATIONS	 <u>\$ 115,233</u>	 <u>\$344,642</u>	 <u>\$459,875</u>

See Independent Auditor's Report and Accompanying Notes
 Kamphaus, Henning & Hood

WAYNOKA REGIONAL WATER & SEWER DISTRICT
 SCHEDULES OF ADMINISTRATIVE, AND GENERAL EXPENSES
 ALL PROPRIETARY FUND TYPES
 FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	PROPRIETARY FUND TYPES		1999 TOTALS (MEMORANDUM ONLY) REPORTING ENTITY
	<u>WATER</u>	<u>SEWER</u>	
Contract - Waynoka Property Owners Association	\$ 32,948	\$ 33,181	\$ 66,129
Office Supplies	122	454	576
Telephone	608	642	1,250
Professional Services	7,113	5,076	12,189
Postage	149	97	246
Miscellaneous	4,497	4,729	9,226
Annual Meeting	347	347	694
Interest Expense	<u>515</u>	<u>94,198</u>	<u>94,713</u>
 TOTAL ADMINISTRATIVE AND GENERAL EXPENSES	 <u>\$ 46,299</u>	 <u>\$ 138,724</u>	 <u>\$ 185,023</u>

See Independent Auditor's Report and Accompanying Notes
 Kamphaus, Henning & Hood

WAYNOKA REGIONAL WATER & SEWER DISTRICT
 SCHEDULES OF ADMINISTRATIVE AND GENERAL EXPENSES
 ALL PROPRIETARY FUND TYPES
 FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	PROPRIETARY FUND TYPES		1998 TOTALS (MEMORANDUM ONLY) REPORTING ENTITY
	<u>WATER</u>	<u>SEWER</u>	
Contract - Waynoka Property Owners Association	\$ 27,136	\$ 40,703	\$ 67,839
Office Supplies	278	324	602
Telephone	614	848	1,462
Professional Services	3,114	5,466	8,580
Postage	14	13	27
Miscellaneous	932	4,116	5,048
Annual Meeting	332	332	664
Interest Expense	<u>968</u>	<u>95,615</u>	<u>96,583</u>
 TOTAL ADMINISTRATIVE AND GENERAL EXPENSES	 <u>\$ 33,388</u>	 <u>\$ 147,417</u>	 <u>\$ 180,805</u>

See Independent Auditor's Report and Accompanying Notes
 Kamphaus, Henning & Hood

WAYNOKA REGIONAL WATER & SEWER DISTRICT
 SCHEDULES - STATEMENTS OF REVENUE, EXPENSES
 AND CHANGES IN FUND EQUITY (DEFICIT) - PROPRIETARY FUND TYPES - SEWER ENTERPRISE FUND
 FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	SEWER PLANT CAPITAL IMPROVEMENTS FUND	BOND SERVICE FUND	RESERVE FUND	SURPLUS FUND	1999 TOTALS (MEMORANDUM ONLY)
OPERATING REVENUES:					
Sewer Tap, User and Grinder Pump Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 316,506
Special Sewage Assessment Fees	0	101,309	0	0	101,309
Sewer Fees - Revenue Bonds	0	21,573	0	0	21,573
Miscellaneous	<u>735</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>735</u>
TOTAL OPERATING REVENUES	317,241	122,882	0	0	440,123
OPERATING EXPENSES:					
Cost Of Operations	0	0	0	0	352,422
Administrative and General Expenses	<u>44,526</u>	<u>94,198</u>	<u>0</u>	<u>0</u>	<u>138,724</u>
TOTAL OPERATING EXPENSES	396,948	94,198	0	0	491,146
OPERATING INCOME (LOSS)	(79,707)	28,684	0	0	(51,023)

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See Independent Auditor's Report and Accompanying Notes
 Kamphaus, Henning & Hood

WAYNOKA REGIONAL WATER & SEWER DISTRICT
 SCHEDULES - STATEMENTS OF REVENUE, EXPENSES
 AND CHANGES IN FUND EQUITY (DEFICIT) - PROPRIETARY FUND TYPES - SEWER ENTERPRISE FUND
 FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

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	SEWAGE SYSTEM REVENUE FUND	SEWER PLANT CAPITAL IMPROVEMENTS FUND	BOND SERVICE FUND	RESERVE FUND	SURPLUS FUND	1999 TOTALS (MEMORANDUM ONLY)
NON OPERATING REVENUES:						
Interest Income	924	0	3,197	2,711	0	6,832
Lease Income	<u>1,586</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,586</u>
TOTAL NON OPERATING REVENUES	<u>2,510</u>	<u>0</u>	<u>3,197</u>	<u>2,711</u>	<u>0</u>	<u>8,418</u>
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	(77,197)	0	31,881	2,711	0	(42,605)
OPERATING TRANSFERS OF FUNDS	<u>81,273</u>	<u>(28,270)</u>	<u>7,086</u>	<u>(5,001)</u>	<u>0</u>	<u>55,088</u>
NET INCOME (LOSS)	4,076	(28,270)	38,967	(2,290)	0	12,483
FUND EQUITY (DEFICIT), JANUARY 1, 1999	3,576,508	34,657	(1,760,965)	106,237	0	1,956,437
CONTRIBUTED CAPITAL - GRANT MONEY FOR CONSTRUCTION	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND EQUITY (DEFICIT), DECEMBER 31, 1999	<u>\$3,580,584</u>	<u>\$ 6,387</u>	<u>\$(1,721,998)</u>	<u>\$ 103,947</u>	<u>\$ 0</u>	<u>\$ 1,968,920</u>

See Independent Auditor's Report and Accompanying Notes
 Kamphaus, Henning & Hood

WAYNOKA REGIONAL WATER & SEWER DISTRICT
 SCHEDULES - STATEMENTS OF REVENUE, EXPENSES
 AND CHANGES IN FUND EQUITY (DEFICIT) - PROPRIETARY FUND TYPES - SEWER ENTERPRISE FUND
 FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	SEWER PLANT CAPITAL IMPROVEMENTS FUND	BOND SERVICE FUND	RESERVE FUND	SURPLUS FUND	1998 TOTALS (MEMORANDUM ONLY)
OPERATING REVENUES:					
Sewer Tap, User and Grinder Pump Fees	\$ 274,603	\$ 0	\$ 0	\$ 0	\$278,803
Special Sewage Assessment Fees	0	99,485	0	0	99,485
Sewer Fees - Revenue Bonds	0	20,246	0	0	20,246
Miscellaneous	<u>5,469</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,469</u>
TOTAL OPERATING REVENUES	280,072	119,731	0	0	404,003
OPERATING EXPENSES:					
Cost Of Operations	0	0	0	0	344,642
Administrative and General Expenses	<u>52,773</u>	<u>94,644</u>	<u>0</u>	<u>0</u>	<u>147,417</u>
TOTAL OPERATING EXPENSES	<u>397,415</u>	<u>94,644</u>	<u>0</u>	<u>0</u>	<u>492,059</u>
OPERATING INCOME (LOSS)	(117,343)	25,087	0	0	(88,056)

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See Independent Auditor's Report and Accompanying Notes
 Kamphaus, Henning & Hood

WAYNOKA REGIONAL WATER & SEWER DISTRICT
 SCHEDULES - STATEMENTS OF REVENUE, EXPENSES
 AND CHANGES IN FUND EQUITY (DEFICIT) - PROPRIETARY FUND TYPES - SEWER ENTERPRISE FUND
 FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

(Continued from Previous Page)

	SEWER PLANT CAPITAL IMPROVEMENTS FUND	BOND SERVICE FUND	RESERVE FUND	SURPLUS FUND	1998 TOTALS (MEMORANDUM ONLY)
NON OPERATING REVENUES:					
Interest Income	130	4,320	5,314	0	9,764
Lease Income	<u>1,586</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,586</u>
TOTAL NON OPERATING REVENUES	<u>1,716</u>	<u>4,320</u>	<u>5,314</u>	<u>0</u>	<u>11,350</u>
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	(115,627)	29,407	5,314	0	(76,706)
OPERATING TRANSFERS OF FUNDS	<u>(20,217)</u>	<u>17,216</u>	<u>(6,255)</u>	<u>0</u>	<u>21,201</u>
NET INCOME (LOSS)	(135,844)	34,657	(941)	0	(55,505)
FUND EQUITY (DEFICIT), JANUARY 1, 1998	3,712,352	(1,807,588)	107,178	0	2,011,942
CONTRIBUTED CAPITAL - GRANT MONEY FOR CONSTRUCTION	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND EQUITY (DEFICIT), DECEMBER 31, 1998	<u>\$3,576,508</u>	<u>\$ 34,657</u>	<u>\$ 106,237</u>	<u>\$ 0</u>	<u>\$ 1,956,437</u>

See Independent Auditor's Report and Accompanying Notes
 Kamphaus, Henning & Hood

WAYNOKA REGIONAL WATER & SEWER DISTRICT
 SCHEDULES - BALANCE SHEETS - PROPRIETARY FUND TYPES - SEWER ENTERPRISE FUND
 DECEMBER 31, 1999 AND 1998

ASSETS

	SEWAGE SYSTEM REVENUE FUND	SEWER PLANT CAPITAL IMPROVEMENTS FUND	BOND SERVICE FUND	RESERVE FUND	SURPLUS FUND	1999 TOTALS (MEMORANDUM ONLY)
CURRENT ASSETS						
CASH AND CASH EQUIVALENTS:						
Fifth Third Bank	\$ 147,828	\$ 6,387	\$ 20,114	\$ 2,928	\$ 0	\$ 177,257
ACCOUNTS RECEIVABLES:						
Sewer Fees - Operating	9,255	0	0	0	0	9,255
Sewer Fees - Revenue Bonds	0	0	451	0	0	451
Special Sewer Assessment Fees	<u>0</u>	<u>0</u>	<u>38,226</u>	<u>0</u>	<u>0</u>	<u>38,226</u>
TOTAL ACCOUNTS RECEIVABLES	9,255	0	38,677	0	0	47,932
OTHER CURRENT ASSETS						
Interest Receivable	0	0	0	1,019	0	1,019
Inventory	16,037	0	0	0	0	16,037
Restricted Investment	<u>0</u>	<u>0</u>	<u>0</u>	<u>100,000</u>	<u>0</u>	<u>100,000</u>
TOTAL OTHER CURRENT ASSETS	<u>16,037</u>	<u>0</u>	<u>0</u>	<u>101,019</u>	<u>0</u>	<u>117,056</u>
TOTAL CURRENT ASSETS	173,120	6,387	58,791	103,947	0	342,245

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See Independent Auditor's Report and Accompanying Notes
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WAYNOKA REGIONAL WATER & SEWER DISTRICT
 SCHEDULES - BALANCE SHEETS - PROPRIETARY FUND TYPES - SEWER ENTERPRISE FUND
 DECEMBER 31, 1999 AND 1998

ASSETS

(Continued from Previous Page)

	SEWER PLANT CAPITAL IMPROVEMENTS FUND	BOND SERVICE FUND	RESERVE FUND	SURPLUS FUND	1999 TOTALS (MEMORANDUM ONLY)
TOTAL CURRENT ASSETS	173,120	58,791	103,947	0	342,245
PROPERTY, PLANT AND EQUIPMENT:					
Land	0	0	0	0	139,829
Equipment	0	0	0	0	122,315
Sewer Plant	0	43,552	0	0	3,767,897
Vehicle	0	0	0	0	19,592
Less: Accumulated Depreciation	<u>(512,566)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(512,566)</u>
NET PROPERTY, PLANT AND EQUIPMENT	<u>3,493,515</u>	<u>43,552</u>	<u>0</u>	<u>0</u>	<u>3,537,067</u>
TOTAL ASSETS	<u>\$ 6,387</u>	<u>\$ 102,343</u>	<u>\$ 103,947</u>	<u>\$ 0</u>	<u>\$ 3,879,312</u>

See Independent Auditor's Report and Accompanying Notes
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WAYNOKA REGIONAL WATER & SEWER DISTRICT
 SCHEDULES - BALANCE SHEETS - PROPRIETARY FUND TYPES - SEWER ENTERPRISE FUND
 DECEMBER 31, 1999 AND 1998

LIABILITIES AND FUND EQUITY (DEFICIT)

	SEWER PLANT CAPITAL IMPROVEMENTS FUND	BOND SERVICE FUND	RESERVE FUND	SURPLUS FUND	1999 TOTALS (MEMORANDUM ONLY)
CURRENT LIABILITIES:					
Accounts Payable	\$ 5,533	\$ 0	\$ 0	\$ 0	\$ 5,533
Due To Operations - Water	67,432	0	0	0	67,432
Accrued Interest	0	8,141	0	0	8,141
Unearned Revenue	263	0	0	0	263
Current Portion Long Term Debt	<u>12,823</u>	<u>18,800</u>	<u>0</u>	<u>0</u>	<u>31,623</u>
TOTAL CURRENT LIABILITIES	86,051	26,941	0	0	112,992
LONG TERM LIABILITIES:					
Revenue Bonds	0	1,816,200	0	0	1,816,200
Note Payable-Back Hoe	12,823	0	0	0	12,823
Less: Current Portion	<u>(12,823)</u>	<u>(18,800)</u>	<u>0</u>	<u>0</u>	<u>(31,623)</u>
NET LONG TERM LIABILITIES	<u>0</u>	<u>1,797,400</u>	<u>0</u>	<u>0</u>	<u>1,797,400</u>
TOTAL LIABILITIES	86,051	1,824,341	0	0	1,910,392

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See Independent Auditor's Report and Accompanying Notes
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WAYNOKA REGIONAL WATER & SEWER DISTRICT
 SCHEDULES - BALANCE SHEETS - PROPRIETARY FUND TYPES - SEWER ENTERPRISE FUND
 DECEMBER 31, 1999 AND 1998

LIABILITIES AND FUND EQUITY (DEFICIT)

(Continued from Previous Page)

	SEWAGE SYSTEM <u>REVENUE FUND</u>	SEWER PLANT CAPITAL IMPROVEMENTS <u>FUND</u>	BOND SERVICE <u>FUND</u>	RESERVE <u>FUND</u>	SURPLUS <u>FUND</u>	1999 TOTALS (MEMORANDUM <u>ONLY</u>)
TOTAL LIABILITIES	86,051	0	1,824,341	0	0	1,910,392
FUND EQUITY:						
Contributed Capital -						
Grant Money	1,310,000	0	0	0	0	1,310,000
Retained Earnings	2,270,584	6,387	(1,721,998)	0	0	554,973
(Deficit) Unreserved						
Retained Earnings	<u>0</u>	<u>0</u>	<u>0</u>	<u>103,947</u>	<u>0</u>	<u>103,947</u>
Reserved						
TOTAL FUND EQUITY (DEFICIT)	<u>3,580,584</u>	<u>6,387</u>	<u>(1,721,998)</u>	<u>103,947</u>	<u>0</u>	<u>1,968,920</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$3,666,635</u>	<u>\$ 6,387</u>	<u>\$ 102,343</u>	<u>\$103,947</u>	<u>\$ 0</u>	<u>\$3,879,312</u>

See Independent Auditor's Report and Accompanying Notes
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WAYNOKA REGIONAL WATER & SEWER DISTRICT
 SCHEDULES - BALANCE SHEETS - PROPRIETARY FUND TYPES - SEWER ENTERPRISE FUND
 DECEMBER 31, 1999 AND 1998

ASSETS

		SEWER PLANT CAPITAL IMPROVEMENTS FUND	BOND SERVICE FUND	RESERVE FUND	SURPLUS FUND	1998 TOTALS (MEMORANDUM ONLY)
CURRENT ASSETS						
CASH AND CASH EQUIVALENTS:						
Fifth Third Bank	\$ 95,335	\$ 12,705	\$ 46,653	\$ 4,493	\$ 0	\$ 159,186
ACCOUNTS RECEIVABLES:						
Sewer Fees - Operating	2,490	0	0	0	0	2,490
Sewer Fees - Revenue Bonds	0	0	522	0	0	522
Special Sewer Assessment Fees	<u>0</u>	<u>0</u>	<u>34,405</u>	<u>0</u>	<u>0</u>	<u>34,405</u>
TOTAL ACCOUNTS RECEIVABLES	2,490	0	34,927	0	0	37,417
OTHER CURRENT ASSETS						
Interest Receivable	0	0	0	1,744	0	1,744
Inventory	4,615	0	0	0	0	4,615
Restricted Investment	<u>0</u>	<u>0</u>	<u>0</u>	<u>100,000</u>	<u>0</u>	<u>100,000</u>
TOTAL OTHER CURRENT ASSETS	\$ 4,615	0	0	101,744	0	106,359
TOTAL CURRENT ASSETS	102,440	12,705	81,580	106,237	0	302,962

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See Independent Auditor's Report and Accompanying Notes
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WAYNOKA REGIONAL WATER & SEWER DISTRICT
 SCHEDULES - BALANCE SHEETS - PROPRIETARY FUND TYPES - SEWER ENTERPRISE FUND
 DECEMBER 31, 1999 AND 1998

ASSETS

(Continued from Previous Page)

	SEWER PLANT CAPITAL IMPROVEMENTS FUND	BOND SERVICE FUND	RESERVE FUND	SURPLUS FUND	1998 TOTALS (MEMORANDUM ONLY)
TOTAL CURRENT ASSETS	102,440	12,705	81,580	106,237	0
PROPERTY, PLANT AND EQUIPMENT:					
Land	139,829	0	0	0	139,829
Equipment	122,315	0	0	0	122,315
Sewer Plant	3,722,255	0	43,552	0	3,765,807
Vehicle	19,592	0	0	0	19,592
Less: Accumulated Depreciation	<u>(382,055)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(382,055)</u>
NET PROPERTY, PLANT AND EQUIPMENT	<u>3,621,936</u>	<u>0</u>	<u>43,552</u>	<u>0</u>	<u>3,665,488</u>
TOTAL ASSETS	<u>\$ 3,724,376</u>	<u>\$ 56,257</u>	<u>\$ 81,580</u>	<u>\$ 106,237</u>	<u>\$ 3,968,450</u>

See Independent Auditor's Report and Accompanying Notes
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WAYNOKA REGIONAL WATER & SEWER DISTRICT
 SCHEDULES - BALANCE SHEETS - PROPRIETARY FUND TYPES - SEWER ENTERPRISE FUND
 DECEMBER 31, 1999 AND 1998
 LIABILITIES AND FUND EQUITY (DEFICIT)

		SEWER PLANT CAPITAL IMPROVEMENTS FUND	BOND SERVICE FUND	RESERVE FUND	SURPLUS FUND	1998 TOTALS (MEMORANDUM ONLY)
CURRENT LIABILITIES:						
Accounts Payable	\$ 55,462	\$ 21,600	\$ 0	\$ 0	\$ 0	\$ 77,062
Due To Operations - Water	67,232	0	0	0	0	67,232
Accrued Interest	0	0	8,645	0	0	8,645
Unearned Revenue	264	0	0	0	0	264
Current Portion Long Term Debt	<u>12,096</u>	<u>0</u>	<u>17,700</u>	<u>0</u>	<u>0</u>	<u>29,796</u>
TOTAL CURRENT LIABILITIES	135,054	21,600	26,345	0	0	182,999
LONG TERM LIABILITIES:						
Revenue Bonds	0	0	1,833,900	0	0	1,833,900
Note Payable-Back Hoe	24,910	0	0	0	0	24,910
Less: Current Portion	<u>(12,096)</u>	<u>0</u>	<u>(17,700)</u>	<u>0</u>	<u>0</u>	<u>(29,796)</u>
NET LONG TERM LIABILITIES	<u>12,814</u>	<u>0</u>	<u>1,816,200</u>	<u>0</u>	<u>0</u>	<u>1,829,014</u>
TOTAL LIABILITIES	147,868	21,600	1,842,545	0	0	2,012,013

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WAYNOKA REGIONAL WATER & SEWER DISTRICT
 SCHEDULES - BALANCE SHEETS- PROPRIETARY FUND TYPES - SEWER ENTERPRISE FUND
 DECEMBER 31, 1999 AND 1998

LIABILITIES AND FUND EQUITY (DEFICIT)

(Continued from Previous Page)

	SEWER PLANT CAPITAL IMPROVEMENTS FUND	BOND SERVICE FUND	RESERVE FUND	SURPLUS FUND	1998 TOTALS (MEMORANDUM ONLY)
TOTAL LIABILITIES	147,868	1,842,545	0	0	2,012,013
FUND EQUITY:					
Contributed Capital -					
Grant Money	1,310,000	0	0	0	1,310,000
Retained Earnings					
(Deficit) Unreserved	2,266,508	(1,760,965)	0	0	540,200
Retained Earnings					
Reserved	<u>0</u>	<u>0</u>	<u>106,237</u>	<u>0</u>	<u>106,237</u>
TOTAL FUND EQUITY (DEFICIT)	<u>3,576,508</u>	<u>(1,760,965)</u>	<u>106,237</u>	<u>0</u>	<u>1,956,437</u>
TOTAL LIABILITIES AND FUND EQUITY	\$ <u>56,257</u>	\$ <u>81,580</u>	\$ <u>106,237</u>	\$ <u>0</u>	\$ <u>3,968,450</u>

See Independent Auditor's Report and Accompanying Notes
 Kamphaus, Henning & Hood



**STATE OF OHIO
OFFICE OF THE AUDITOR**

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

**WAYNOKA REGIONAL WATER AND SEWER DISTRICT
BROWN 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.

By: *Susan Babbitt*

Date: APRIL 4, 2000