



**NOBLE COUNTY WATER AUTHORITY
NOBLE COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**NOBLE COUNTY WATER AUTHORITY
NOBLE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balance - For the Year Ended December 31, 2000	3
Notes to the Financial Statement	5
Schedule of Federal Awards Expenditures	9
Notes to the Schedule of Federal Awards Expenditures	10
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Report of Independent Accountants on Compliance with Requirements Applicable to the Major Federal Program and Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i>	13
Schedule of Findings - <i>OMB Circular A-133 § .505</i>	15
Schedule of Prior Year Findings - <i>OMB Circular A-133 § .505</i>	17

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REPORT OF INDEPENDENT ACCOUNTANTS

Noble County Water Authority
Noble County
P.O. Box 127
Belle Valley, Ohio 43717

To the Board of Trustees:

We have audited the accompanying financial statement of Noble County Water Authority, Noble County, Ohio (the Water Authority), as of and for the year ended December 31, 2000. This financial statement is the responsibility of the Water Authority's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 Water Authority 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 Noble County Water Authority, Noble County, as of December 31, 2000, and its cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2001 on our consideration of the Water Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the financial statement of the Water Authority, taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. We subjected this information to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

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.

Jim Petro
Auditor of State

June 25, 2001

**NOBLE COUNTY WATER AUTHORITY
NOBLE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2000**

Operating Cash Receipts:	
Tap Fees	\$14,600
Water Revenue	80,465
Miscellaneous Receipts	<u>822</u>
Total Operating Cash Receipts	<u>95,887</u>
Operating Cash Disbursements:	
Testing and Licenses	3,252
Capital Outlay	8,625
Office Supplies and Materials	3,678
Purchased Water	<u>17,411</u>
Total Operating Cash Disbursements	<u>32,966</u>
Operating Income/(Loss)	<u>62,921</u>
Non-Operating Cash Receipts:	
Intergovernmental Revenues	235,577
Security Deposits	13,550
Proceeds from Loan	249,144
Interest	<u>3,901</u>
Total Non-Operating Cash Receipts	<u>502,172</u>
Non-Operating Cash Disbursements:	
Personal Service	13,775
Contractual Services	7,536
Refund of Security Deposits	600
Insurance	1,007
Utilities	2,205
Construction	554,891
Engineering Fees	51,278
Miscellaneous Expenditures	<u>352</u>
Total Non-Operating Cash Disbursements	<u>631,644</u>
Total Receipts Over/(Under) Disbursements	(66,551)
Cash Balance, January 1	<u>175,131</u>
Cash Balance, December 31	<u><u>\$108,580</u></u>

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

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**NOBLE COUNTY WATER AUTHORITY
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Noble County Water Authority, Noble County (the Water Authority), 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 Water Authority was established as a separate political subdivision of the State of Ohio under the provisions of Chapter 6119 of the Ohio Revised Code. The Water Authority is directed by an appointed five-member Board of Trustees. Board members are appointed by the Board of Trustees and the Noble County Commissioners. The Water Authority includes all or parts of Jackson, Marion, Olive, Sharon, Elk, Center, Beaver, Wayne, Jefferson, Stock, and Noble Townships in Noble County. The Water Authority commenced water services to residents of the Water Authority's service area in January 2000.

The Water Authority's management believes this financial statement presents all activities for which the Water Authority 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. Budgetary Process

The Ohio Revised Code requires that the Water Authority adopt an operating budget.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1.

3. Encumbrances

The Ohio Revised Code requires the Water Authority to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2000 budgetary activity appears in Note 3.

**NOBLE COUNTY WATER AUTHORITY
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. 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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Water Authority maintains a cash and investment pool. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was \$108,580.

Deposits: Deposits are either insured by the Federal Deposit Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Water Authority.

At December 31, 2000, \$8,580 of deposits were not insured or collateralized, contrary to Chapter 6119, Ohio Revised Code.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2000 follows:

Budgeted vs. Actual Receipts	
	2000
Budgeted Receipts	\$82,800
Actual Receipts	598,059
Variance	\$515,259

Budgeted vs. Actual Budgetary Basis Expenditures	
	2000
Appropriation Authority	\$54,574
Budgetary Expenditures	664,610
Variance	(\$610,036)

4. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority RECDS Loan	\$713,189	3.84%

**NOBLE COUNTY WATER AUTHORITY
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2000
(Continued)**

4. DEBT (Continued)

The Ohio Water Development Authority (OWDA) loan is an interim financing loan to pay for the construction of water facilities and initial operating costs of the Water Authority. The principal balance above represents loan proceeds drawn-down from OWDA as of December 31, 2000. The OWDA has approved up to \$814,000 in loans to the Water Authority for this project. The Water Authority has been approved by the United States Department of Agriculture (USDA) for a loan through the Water and Waste Disposal Systems for Rural Communities program up to \$814,000. The USDA loan has been pledged for the repayment of the Water Authority's obligation to OWDA when construction of the project has been completed.

5. RETIREMENT SYSTEMS

The Water Authority's 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 2000 PERS members contributed 8.5% of their gross salaries. The Water Authority contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. For the period July 1, 2000 through December 31, 2000, PERS temporarily reduced the employer's contribution rate to 8.13% of participants' gross salaries. The Water Authority has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Water Authority has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Public employees dishonesty bonds were obtained for officials through a private carrier

7. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. 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

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**NOBLE COUNTY WATER AUTHORITY
NOBLE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2000**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Direct Program:</i>			
Water and Waste Disposal Systems for Rural Communities	N/A	10.760	<u>\$425,344</u>
Total U.S. Department of Agriculture			<u>425,344</u>
Total Federal Awards Expenditures			<u><u>\$425,344</u></u>

The accompanying notes to this Schedule of Federal Awards Expenditures are an integral part of this Schedule.

**NOBLE COUNTY WATER AUTHORITY
NOBLE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2000**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Water Authority's federal award program. The Schedule has been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

The federal program requires that the Water Authority contribute non-federal (matching funds) to support the federally-funded program. The Water Authority has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the Schedule.



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

Noble County Water Authority
Noble County
P.O. Box 127
Belle Valley, Ohio 43717

To the Board of Trustees:

We have audited the accompanying financial statement of Noble County Water Authority, Noble County, Ohio (the Water Authority), as of and for the year ended December 31, 2000, and have issued our report thereon dated June 25, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Water Authority'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 the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Water Authority in a separate letter dated June 25, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Water Authority'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 statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Water Authority in separate letter dated June 25, 2001.

Noble County Water Authority
Noble County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the audit committee, management, the Board of Trustees, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

June 25, 2001



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Noble County Water Authority
Noble County
P.O. Box 127
Belle Valley, Ohio 43717

To the Board of Trustees:

Compliance

We have audited the compliance of the Noble County Water Authority, Noble County, Ohio (the Water Authority), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2000. The Water Authority's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Water Authority's management. Our responsibility is to express an opinion on the Water Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Water Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Water Authority's compliance with those requirements.

In our opinion, the Water Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2000.

Internal Control Over Compliance

The management of the Water Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Water Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the Board of Trustees, the audit committee, management and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

June 25, 2001

**NOBLE COUNTY WATER AUTHORITY
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2000**

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal program?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal program?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Water and Waste Disposal Systems for Rural Communities - CFDA #10.760
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**NOBLE COUNTY WATER AUTHORITY
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2000
(Continued)**

**2. FINDING RELATED TO THE FINANCIAL STATEMENT
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

The audit of the Noble County Water Authority, for the year ended December 31, 2000, contained no noncompliance.

3. FINDINGS FOR FEDERAL AWARDS

The audit of the Noble County Water Authority, for the year ended December 31, 2000, contained no findings for federal awards.

**NOBLE COUNTY WATER AUTHORITY
NOBLE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-61061-001	Ohio Rev. Code § 6119.151 requires the Water Authority to follow the guidelines of the Ohio Rev. Code § 135.12 in its selection of depositories for public funds and Ohio Rev. Code § 135.18 in securing collateral for funds on deposit. The Water Authority did not designate a depository or obtain pledges of collateral for monies in excess of Federal Deposit Insurance Corporation coverage.	No	Partially Corrected. The Water Authority obtained a depository agreement in January 2001.

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NOBLE COUNTY WATER AUTHORITY

NOBLE 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
JULY 31, 2001**