



**LAKE WAYNOKA REGIONAL WATER AND SEWER DISTRICT
BROWN COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**LAKE WAYNOKA REGIONAL WATER AND SEWER DISTRICT
BROWN COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Lake Waynoka Regional Water and Sewer District
Brown County
1 Waynoka Drive
Sardinia, Ohio 45171

To the Board of Trustees:

We have audited the accompanying general purpose financial statements of Lake Waynoka Regional Water and Sewer District, Brown County, Ohio (the District), as of and for the year ended December 31, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lake Waynoka Regional Water and Sewer District, as of December 31, 2001, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2002, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

April 24, 2002

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**LAKE WAYNOKA REGIONAL WATER AND SEWER DISTRICT
BROWN COUNTY**

**BALANCE SHEET
DECEMBER 31, 2001**

Assets

Current Assets

Cash and Cash Equivalents	\$ 290,540
Accounts Receivable (Net Allowance for Doubtful Accounts)	127,396
Inventory	2,274
Interest Receivable	2,762
Prepaid Expenses	<u>1,107</u>

Total Current Assets 424,079

Restricted Assets

Cash and Cash Equivalents Restricted for Debt Service	<u>100,000</u>
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Total Restricted Assets 100,000

Fixed Assets (Net of Accumulated Depreciation)	<u>3,896,379</u>
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Total Assets \$ 4,420,458

Liabilities and Equity

Current Liabilities

Capital Lease -Trencher	\$ 10,050
Loans Payable -OWDA	17,553
Construction Bonds Payable	20,700
Accounts Payable	11,884
Accrued Interest	<u>8,129</u>

Total Current Liabilities 68,316

Long Term Liabilities

Loans Payable	88,224
Construction Bonds Payable	<u>1,757,000</u>

Total Long Term Liabilities 1,845,224

Total Liabilities 1,913,540

Equity

Contributed Capital -Grant Funds	1,310,000
Retained Earnings -Reserved for Bond Payment	100,000
Retained Earnings -Unreserved	<u>1,096,918</u>

Total Equity 2,506,918

Total Liabilities and Equity \$ 4,420,458

The notes to the general purpose financial statements are an Integral part of this statement.

**LAKE WAYNOKA REGIONAL WATER AND SEWER DISTRICT
BROWN COUNTY**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2001**

Operating Revenues

Charges for Service	\$ 351,925
Connection Fees	15,160
Miscellaneous	<u>5,417</u>
Total Operating Revenues	372,502

Operating Expenses

Utilities	19,144
Professional Services	19,175
Depreciation	177,569
Materials and Supplies	35,685
Insurance	15,944
Repairs and Improvements	32,094
Connection Expense	15,160
Contracted Services	205,436
Miscellaneous	<u>11,181</u>
Total Operating Expenses	<u>531,388</u>
Excess of Operating Revenues Under Expenditures	(158,886)

Non-Operating Revenues

Interest Revenue	8,065
Special Assessments	125,465
Connection Fees in Excess of Cost	<u>122,390</u>
Total Non-Operating Revenues	255,920

Non-Operating Expenses

Interest Expense	<u>97,127</u>
Total Non-Operating Expenses	<u>97,127</u>

Net Loss (93)

Retained Earnings, January 1, 2001 1,197,011

Retained Earnings, December 31, 2001 1,196,918

Contributed Capital, January 1, 2001 1,310,000

Total Fund Equity, December 31, 2001 **\$ 2,506,918**

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

**LAKE WAYNOKA REGIONAL WATER AND SEWER DISTRICT
BROWN COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2001**

Cash Flows from Operating Activities

Operating Loss \$ (158,886)

**Adjustments to Reconcile Operating Income to Net Cash
Provided by Operating Activities**

Depreciation	177,569
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable (Net)	51,462
Decrease in Prepaid Expenses	97
Decrease in Accounts Payable	(68,470)
Decrease in Inventory	<u>1,566</u>

Net Cash Provided By Operating Activities 3,338

Cash Flows from Capital Financing Activities

Principal and Interest- Revenue Bonds	(111,566)
Principal and Interest -Tractor	(10,640)
Principal and Interest -OWDA	(38,614)
Purchase of Machinery and Equipment	(58,650)
Connection Fees in Excess of Cost	122,390
Special Assessments	<u>112,095</u>

Net Cash Provided by Capital Financing Activities 15,015

Cash Flows from Investing Activities

Interest	<u>8,889</u>
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Net Cash Provided by Investing Activities 8,889

Net Increase in Cash and Cash Equivalents 27,242

Cash and Cash Equivalents on January 1, 2001 363,298

Cash and Cash Equivalents on December 31, 2001 **\$ 390,540**

Reconciliation of Cash and Cash Equivalents
To the Balance Sheet

Current Assets - Cash and Cash Equivalents \$ 290,540

Restricted Assets -Cash and Cash Equivalents 100,000

Total Cash and Cash Equivalents, December 31, 2001 **\$ 390,540**

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

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**LAKE WAYNOKA REGIONAL WATER AND SEWER DISTRICT
BROWN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Lake Waynoka Regional Water and Sewer District, Brown 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 was organized under the provisions of Section 6119 of the Ohio Revised Code by the Common Pleas Court of Brown County in February 7, 1992. The District is directed by a publicly elected nine-member Board of Trustees who serves three-year terms and three members are elected each year. The District was established to provide an adequate and uncontaminated water supply for the consumption of the water, and sanitary sewer services to district residents of Lake Waynoka subdivision of Sardinia, Ohio.

The District's management believes these financial statements present all activities for which the District is financially accountable.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The accounting policies of the District conform to generally accepted accounting policies.

For financial statement presentation purposes, the District utilizes the accrual basis of accounting. Under this method of accounting, revenues are recognized when they are earned. Expenses are recognized under the accrual basis of accounting when the liability is incurred. Unbilled water utility service receivables are recorded at year end.

The District operations are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation are included on the balance sheet. Equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. The operating statements present increases (i.e. revenues) and decreases (i.e., expenses) in net total assets.

The District has adopted GASB Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Units That Use Proprietary Fund Accounting*. The District has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board pronouncements and Accounting Principles Board Opinions Issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

**LAKE WAYNOKA REGIONAL WATER AND SEWER DISTRICT
BROWN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash and Cash Equivalents

Deposits consist of demand deposits and restricted certificates of deposit which are valued at cost. The District maintains a cash deposits pool used by all funds.

D. Fund Accounting

The District uses fund accounting to segregate cash that is restricted as to use, The District classifies its funds into the Enterprise Fund Type:

Water Fund

This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund

This fund receives charges for services from residents to cover the cost of providing this utility.

E. Budgetary Process

Recent Ohio Attorney General Opinion No.99-020 has clarified that the budget process described in Chapter 5705, Revised Code, applies to the District, regardless of whether the District levies property taxes. These documents are required to be prepared in accordance with the Ohio Revised Code, but are not required to be filed with the county auditor or county budget commission. The District must henceforth adopt annual appropriations, limited by estimated resources. Expenditures will be limited by appropriations.

Budgeted vs. Actual Receipts	<u>2001</u>
Budgeted Receipts	\$ 664,059
Actual Receipts	<u>628,422</u>
Variance	\$ <u>(35,637)</u>
 Budgeted vs. Actual Disbursements	 <u>2001</u>
Budgeted Expenditures	\$ 596,759
Actual Expenditures	<u>628,515</u>
Variance	\$ <u>(31,756)</u>

The District's Board of Trustees did adopt an operating budget for 2001 and 2002. The District did not encumber any commitments required by Ohio Law; however, there were no material encumbrances outstanding at year end. Expenditures exceeded appropriations by \$ 51,717 in the sewer fund in 2001, contrary to Ohio Law.

**LAKE WAYNOKA REGIONAL WATER AND SEWER DISTRICT
BROWN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

Fixed assets acquired or constructed for the general use of the District in providing service are recorded at cost. Interest incurred during construction has been capitalized. Donated assets are recorded at their estimated fair market value at the time received. Depreciation of fixed assets 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. Infrastructure assets are included in water and sewer plant and are depreciated at a rate of 3% per year. The depreciated methods are designed to amortize the costs of the assets over their estimated useful lives. Depreciation expense for 2001 was \$177,569.

G. Long-Term Obligations

Long-term debts are reported as liabilities.

H. Contributed Capital

Contributed capital represents resources provided by other governments and private sources that are not subject to repayment. These assets are recorded at their fair market value on the date contributed.

I. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

J. Retained Earnings-Reserved

Reserves represent those portions of retained earnings legally segregated for a specific future use.

K. Restricted Assets

Restricted assets represent cash required to be set aside by bond debt covenants for future debt service.

L. Accounts Receivable

Accounts receivable are presented net of allowance for doubtful accounts. The allowance for doubtful accounts is \$155,351.

**LAKE WAYNOKA REGIONAL WATER AND SEWER DISTRICT
BROWN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The District maintains a cash deposits pool used by all funds. The carrying amount of cash at December 31 was as follows:

	<u>2001</u>
Demand deposits	\$290,540
Certificates of deposit	<u>100,000</u>
Total deposits	<u>\$390,540</u>

Deposits: The District is required to categorize deposits and investments according to GASB Statement No. 3 "Deposits with Financial Institutions, Investments, and Reverse Repurchase Agreements". At year-end, the carrying amount of the District's deposits was \$390,540. The bank balance of the District's deposit was \$388,893. Of the bank balance, \$200,000 was covered by federal depository insurance and \$188,893 was covered by collateral held by the pledging bank's trust department but not in the District's name pursuant to Section 135.181, Ohio Revised Code, in collateral pools securing all public funds on deposit with specific depository institutions. Ohio Revised Code Section 135.181 Uniform Depository Act, authorizes pledging of pooled securities in lieu of pledging specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure payment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least equal to 110% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance. Although the pledging bank has an investment and securities pool used to collateralize all public deposits, which are held in the financial institutions name, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC. The deposits not covered by federal depository insurance are considered uninsured and uncollateralized under the provisions of Statement No. 3.

3. CONTRACT

A contract was entered into on July 13, 1988 with the Waynoka Property Owners Association (WPOA) for the WPOA to provide the District with administrative, maintenance, and management staff as well as office supplies, rental, and other fees associate with the maintenance and upkeep of the building housing the District. A contract is signed on a yearly basis between the District and WPOA. W POA is responsible for all payroll and related deductions and matches. The District paid \$201,309 to the WPOA during 2001 for the contract.

**LAKE WAYNOKA REGIONAL WATER AND SEWER DISTRICT
BROWN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

4. LONG -TERM OBLIGATIONS

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Water Revenue Bonds, Series A	\$1,288,300	5.125%
Water Revenue Bonds, Series B	204,900	5.125%
Water Revenue Bonds, Series C	284,500	5.125%
Ohio Water Development Authority (OWDA)	105,777	3.200%
Master Equipment Lease/Purchase	<u>10,050</u>	5.900%
	<u>\$1,893,527</u>	

The District issued water revenue bonds to finance the central sewerage treatment facility. The bonds were issued on September 20, 1995 in the amount of \$1,874,700 plus an annual interest rate of 5.125% and have maturities through June 1, 2035. The bonds are collateralized by the assessment revenues and future revenues from the District's water and sewer operations.

On December 10, 1999 the District obtained a loan from Ohio Department of Development for the purchase and installation of water meters. The loan was in the amount of \$178, 634 and for a term of five years with semi-annual payments of \$19,307 at an annual interest rate of 5.32%.

The District entered into a three-year lease/purchase agreement, in the amount of \$28,000 plus interest, with GEM Capital Corporation for a 1997 trencher. Annual payments are \$10,640 at an annual percentage rate of 5.90%.

Amortization of the above debt, including interest in the amount of \$1,971,126, is scheduled as follows:

<u>Year Ending December 30</u>	<u>Water Revenues Bonds</u>	<u>OWDA Water Supply Revolving Loan</u>	<u>Trencher Lease</u>
2002	\$ 111,546	\$ 19,307	\$ 10,640
2003	111,572	38,614	0
2004	111,539	38,614	0
2005	111,650	19,307	0
2006	111,595	0	0
Subsequent	<u>3,180,269</u>	<u>0</u>	<u>0</u>
Total	<u>\$3,738,171</u>	<u>\$115,842</u>	<u>\$ 10,640</u>

**LAKE WAYNOKA REGIONAL WATER AND SEWER DISTRICT
BROWN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

5. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Commercial Auto
- Commercial Umbrella Liability
- Director and Officer Liability
- Contractors Equipment
- Boiler and Machinery
- Fidelity

6. CONTINGENT LIABILITIES

Various lawsuits have been filed against the District for their decision to install water meters and to charge various connection fees. There has been no decision rendered by the court on these cases.

7. FIXED ASSETS

A summary of the District's fixed assets at December 31, 2001 is as follows:

Land	\$140,829
Water and Sewer Plant	4,364,809
Furniture and Fixtures	15,015
Machinery and Equipment	<u>409,805</u>
Total	4,930,458
Accumulated Depreciation	<u>(1,034,079)</u>
Net Fixed Assets	<u>\$ 3,896,379</u>

**LAKE WAYNOKA REGIONAL WATER AND SEWER DISTRICT
BROWN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

8. ENTERPRISE FUND INFORMATION

The District maintains two Enterprise funds which provide water distribution, sanitary sewer, and waste water treatment services. Segment information for the year ended December 31, 2001 follows:

Segment Information	Water	Sewer	Total
Operating Revenues	\$211,259	\$161,243	\$372,502
Operating Expenses Before Depreciation	172,181	181,638	353,819
Depreciation	40,873	136,696	177,569
Operating Loss	(1,795)	(157,091)	(158,886)
Net Income (Loss)	19,631	(19,724)	(93)
Property, Plant and Equipment Additions	0	58,650	58,650
Net Working Capital	69,170	286,593	355,763
Total Assets	639,879	3,780,579	4,420,458
Long Term Debt payable (Net of Current Portion)	88,224	1,757,000	1,845,224
Total Fund Equity	523,860	1,983,058	2,506,918

9. CONTRIBUTED CAPITAL

During the year ended December 31, 1997, the District received 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. Total amounts received under the two (2) Farmers Home Administration grants is \$1,250,000.

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.

The District did not receive any grant money during the fiscal years ending December 31, 2001 or 2000.

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

Lake Waynoka Regional Water and Sewer District
Brown County
1 Waynoka Drive
Sardinia, Ohio 45171

To the Board of Trustees:

We have audited the accompanying financial statements of Lake Waynoka Regional Water and Sewer District, Brown County, Ohio (the District), as of and for the year ended December 31, 2001, and have issued our report thereon dated April 24, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether 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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-60408-001 and 2001-60408-002. We also noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated April 24, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2001-60408-001.

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 over financial reporting 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 the reportable condition described above is not a material weakness.

Lake Waynoka Regional Water and Sewer District
Brown County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

We also 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 April 24, 2002.

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 loop at the end.

Jim Petro
Auditor of State

April 24, 2002

**LAKE WAYNOKA REGIONAL WATER AND SEWER DISTRICT
BROWN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2001-60408-001

Material Noncompliance/Reportable Condition

Ohio Rev. Code, Section 5705.41(D), provides that no subdivision or taxing unit shall make any contract or order involving the disbursement of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment. This section also provides for two "exceptions" to the above requirements:

- A. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within thirty (30) days from the receipt of such certificate; and
- B. If the amount involved is less than one thousand dollars (\$1,000.00), the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the District's Trustees if such expenditure is otherwise valid.

Where a continuing contract is to be performed in whole or in part in an ensuing fiscal year, only the amount required to meet those obligations in the fiscal year in which the contract is made need be certified. Failure to certify the availability of funds and encumber appropriations can result in overspending funds and negative cash balances. Therefore, we recommend the District obtain approved purchase orders, which contain the fiscal officer's certification that the amount required to meet the obligation has been lawfully appropriated and authorized, prior to making a commitment.

Prior certification was not obtained for the District's disbursements during 2001 and neither of the two exceptions provided for above were utilized.

FINDING NUMBER 2001-60408-002

Material Noncompliance

Ohio Rev. Code, Section 5705.41(B) prohibits expenditures in excess of appropriations. During 2001, expenses exceeded appropriations at the legal level of control. Additionally, the following fund had total expenditures in excess of appropriations:

2001 - Enterprise Fund	Appropriation Amount	Expense Amount	Variance
Sewer	\$358,836	\$410,553	(\$51,717)

This resulted from the District not appropriately monitoring budgetary expenditures as compared to appropriations and could result in the District expending funds illegally.

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**LAKE WAYNOKA REGIONAL WATER AND SEWER DISTRICT
BROWN COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS**

DECEMBER 31, 2001

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-60408-001	Noncompliance citation of Ohio Rev. Code, Section 5705.41(D) for not obtaining prior certification of funds available for expenditure.	No	Finding repeated in current Schedule of Findings - Finding #2001-60408-001.
2000-60408-002	Reportable condition for dual signatures not being obtained for disbursements in excess of \$1,500 in accordance with District policy and Board not reviewing checks or invoices.	Yes	N/A



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LAKE 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.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 30, 2002**