



**BRUNERSBURG WATER AND SEWER DISTRICT
DEFIANCE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BRUNERSBURG WATER AND SEWER DISTRICT
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REPORT OF INDEPENDENT ACCOUNTANTS

Brunersburg Water and Sewer District
Defiance County
22485 Mill Street
Defiance, Ohio 43512-1211

To the Board of Trustees:

We have audited the accompanying financial statements of Brunersburg Water and Sewer District, Defiance County, Ohio, (the District) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the District prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the District as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of management, the Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

Jim Petro
Auditor of State

June 19, 2000

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**BRUNERSBURG WATER AND SEWER DISTRICT
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Agency</u>	
Cash Receipts:				
Special Assessments	\$30,983	\$18,782	\$21,403	\$71,168
Intergovernmental Revenue		288,000		288,000
Miscellaneous		1,683		1,683
				<u>1,683</u>
Total Cash Receipts	<u>30,983</u>	<u>308,465</u>	<u>21,403</u>	<u>360,851</u>
Cash Disbursements:				
Debt Service	117,113			117,113
Contractual Service		320,494		320,494
Miscellaneous	4		19,347	19,351
				<u>19,351</u>
Total Cash Disbursements	<u>117,117</u>	<u>320,494</u>	<u>19,347</u>	<u>456,958</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(86,134)</u>	<u>(12,029)</u>	<u>2,056</u>	<u>(96,107)</u>
Other Financing Receipts:				
Note Proceeds	<u>81,470</u>			<u>81,470</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(4,664)	(12,029)	2,056	(14,637)
Fund Cash Balances, January 1	<u>22,329</u>	<u>37,335</u>		<u>59,664</u>
Fund Cash Balances, December 31	<u>\$17,665</u>	<u>\$25,306</u>	<u>\$2,056</u>	<u>\$45,027</u>

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

**BRUNERSBURG WATER AND SEWER DISTRICT
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$118,017
Miscellaneous	<u>10,727</u>
Total Operating Cash Receipts	<u>128,744</u>
Operating Cash Disbursements:	
Personal Services	33,465
Travel Transportation	166
Contractual Services	64,422
Supplies and Materials	13,000
Capital Outlay	<u>9,786</u>
Total Operating Cash Disbursements	<u>120,839</u>
Operating Income	<u>7,905</u>
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	14,040
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	<u>14,040</u>
Net Cash Receipts Over Cash Disbursements	7,905
Fund Cash Balances, January 1	<u>42,452</u>
Fund Cash Balances, December 31	<u><u>\$50,357</u></u>

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

**BRUNERSBURG WATER AND SEWER DISTRICT
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:			
Special Assessments	\$30,762	\$16,958	\$47,720
Cash Disbursements:			
Debt Service	38,146		38,146
Contractual Services		14,623	14,623
Miscellaneous	37		37
Total Cash Disbursements	38,183	14,623	52,806
Total Cash Receipts Over/(Under) Cash Disbursements	(7,421)	2,335	(5,086)
Other Financing Receipts:			
Advance-In		35,000	35,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(7,421)	37,335	29,914
Fund Cash Balances January 1	29,750		29,750
Fund Cash Balances, December 31	<u>\$22,329</u>	<u>\$37,335</u>	<u>\$59,664</u>

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

**BRUNERSBURG WATER AND SEWER DISTRICT
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$95,353
Miscellaneous	4,519
	<hr/>
Total Operating Cash Receipts	99,872
	<hr/>
Operating Cash Disbursements:	
Personal Services	18,671
Travel Transportation	149
Contractual Services	47,963
Supplies and Materials	4,938
Capital Outlay	14,451
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Total Operating Cash Disbursements	86,172
	<hr/>
Excess of Receipts Over Disbursements Before Interfund Advances	13,700
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Advances-Out	(35,000)
	<hr/>
Net Cash Disbursements Over Cash Receipts	(21,300)
	<hr/>
Fund Cash Balances, January 1	63,752
	<hr/>
Fund Cash Balances, December 31	<u><u>\$42,452</u></u>

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

**BRUNERSBURG WATER AND SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Brunersburg Water and Sewer District, Defiance County, (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a seven-member Board of Trustees appointed by the Noble Township Board of Trustees. The District maintains and operates a water system for individuals living in the District and is planning to construct a sewer system for the benefit of District residents.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Deposits and Investments

Investments are reported as assets and are valued at cost. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

1. Enterprise Funds

These funds are used to account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The District maintained one enterprise fund. The Water fund is used to account for receipts of charges for services from residents to cover the cost of providing water service.

2. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The District had the following significant debt service funds:

The OWDA Loan fund is used to account for special assessment revenue and the subsequent payments of the OWDA loan.

**BRUNERSBURG WATER AND SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

The MidAm Loan fund is used to account for the special assessment revenue and the subsequent payments of the loan to MidAm Bank.

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The District had the following significant capital project fund:

Utility Improvement Fund - This fund is to account for the construction of water lines.

4. Fiduciary Funds (Agency Funds)

Funds for which the District is acting in an agency capacity are classified as agency funds. The District had the following significant fiduciary fund:

Special Assessment Fund - This fund is to account for the special assessments the District is collecting for Defiance County.

E. Budgetary Process

The District's Board of Trustees currently do not adopt an operating budget. Recent Ohio Attorney General Opinion No. 99-020 has clarified that the budget process described in Chapter 5705, Revised Code, applies to the District, regardless of whether the District levies property taxes. The District must henceforth adopt annual appropriations, limited by estimated resources. Expenditures will be limited by appropriations.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash pool used by all funds. The carrying amount of cash at December 31, 1999 and 1998 was \$95,384 and \$102,116, respectively.

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

3. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$188,013	7.77%
Mid-Am Bank Loan	81,470	5.35%
Total	\$269,483	

**BRUNERSBURG WATER AND SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

The Ohio Water Development Authority (OWDA) loan relates to a water line installation project. The principal amount borrowed from OWDA was \$259,924 on January 1, 1991. The loan will be repaid in semiannual installments of \$13,022 including interest, over 20 years.

The Mid-Am Bank loan relates to the financing of the Switzer Road water project. The loan was financed on August 2, 1999 with a principal amount of \$81,470. The loan will be repaid in minimum semiannual interest installments of \$2,209 over 5 years. The fifth year of the loan includes a balloon payment of \$85,901, including interest.

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

Year ending December 31:	OWDA Loan	Mid-Am Bank Loan
2000	\$26,044	\$4,419
2001	26,044	4,419
2002	26,044	4,419
2003	26,044	4,419
2004	26,044	85,901
Subsequent	156,251	
Total	\$286,471	\$103,577

4. RETIREMENT SYSTEMS

The District's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries. The District has paid all contributions required through December 31, 1999.

5. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

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

Brunersburg Water and Sewer District
Defiance County
22485 Mill Street
Defiance, Ohio 43512-1211

To the Board of Trustees:

We have audited the accompanying financial statements of Brunersburg Water and Sewer District, Defiance County, Ohio, (the District) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 19, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. 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 District in a separate letter dated June 19, 2000.

Brunersburg Water and Sewer District
Defiance County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

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

Jim Petro
Auditor of State

June 19, 2000



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OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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BRUNERSBURG WATER AND SEWER DISTRICT

DEFIANCE 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 13, 2000**