



**VIOLET WATER AND SEWER DISTRICT
FAIRFIELD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1994 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees
Violet Water and Sewer District
Fairfield County
12970 Rustic Drive
Pickerington, Ohio 43147

We have audited the accompanying financial statements of Violet Water and Sewer District, Fairfield County, Ohio, (the District) as of and for the years ended December 31, 1994 through December 31, 1999. 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 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 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.

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 cash balances of Violet Water and Sewer District, Fairfield County, Ohio as of December 31, 1994 through December 31, 1999, and its 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 February 2, 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 the , 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

February 2, 2000

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
FOR THE YEARS ENDED DECEMBER 31, 1994 THROUGH DECEMBER 31, 1999**

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>Memorandum Only</u>
Cash Receipts:							
Intergovernmental	\$4,000	\$5,000	\$40,000	\$48,353	\$9,364	\$3,666	\$110,383
Interest	6	54	79	33	27	8	207
Total Cash Receipts	<u>4,006</u>	<u>5,054</u>	<u>40,079</u>	<u>48,386</u>	<u>9,391</u>	<u>3,674</u>	<u>110,590</u>
Cash Disbursements:							
Operating	250	1,829	44,498	48,760	10,843	3,835	110,015
Bank Charges	0	110	62	62	61	61	356
Total Cash Disbursements	<u>250</u>	<u>1,939</u>	<u>44,560</u>	<u>48,822</u>	<u>10,904</u>	<u>3,896</u>	<u>110,371</u>
Total Receipts over/(under) Cash Disbursements	3,756	3,115	(4,481)	(436)	(1,513)	(222)	219
Cash Balances January 1	<u>0</u>	<u>3,756</u>	<u>6,871</u>	<u>2,390</u>	<u>1,954</u>	<u>441</u>	<u>15,412</u>
Cash Balances December 31	<u>\$3,756</u>	<u>\$6,871</u>	<u>\$2,390</u>	<u>\$1,954</u>	<u>\$441</u>	<u>\$219</u>	<u>\$15,631</u>

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

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NOTES TO THE FINANCIAL STATEMENTS
JANUARY 1, 1994 THROUGH DECEMBER 31, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Violet Water and Sewer District, Fairfield 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 formed in May, 1993 by an act of the Board of Trustees of Violet Township, a related organization, permissible under Ohio Revised Code Section 6119.04. Through formal hearing the Court of Common Pleas of Fairfield County, Ohio, Civil Division, established the Violet Water and Sewer District, a regional water and sewer district.

The District is directed by an appointed five-member Board of Trustees, all of whom must be residents of the District. The territory of the District is comprised of the unincorporated portions of Violet Township. The District will provide water and sewer services primarily to the residents of Violet Township.

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. 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.

NOTES TO THE FINANCIAL STATEMENTS
JANUARY 1, 1994 THROUGH DECEMBER 31, 1999
(Continued)

2. EQUITY IN CASH

The carrying amount of cash and at December 31 was as follows:

	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
Demand deposits	\$219	\$441	\$1,954	\$2,390	\$6,871	\$3,756
Total deposits	<u>\$219</u>	<u>\$441</u>	<u>\$1,954</u>	<u>\$2,390</u>	<u>\$6,871</u>	<u>\$3,756</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. DEBT

Debt outstanding at December 31, 1999 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Violet Township Advance	\$49,000	0%

The District was advanced \$49,000 from Violet Township in calendar year 1994, 1995, and 1996 pursuant to Ohio Revised Code Section 505.705 and 6119.04 for the purpose of furthering the District's goals of providing high quality, cost effective sanitary sewer services to the residents of the District. Payment of the full amount borrowed shall be made to the Township as soon as financially practicable at zero percent interest. No amortization schedule was made nor have any payments been made to the Township.

The District requested and was granted a \$150,000 design loan from OWDA (6.12% interest) for legal expenses, engineering expenses, and administration/auditing for the sanitary sewer system and wastewater treatment plant. This loan is handled on a reimbursement basis. As of December 31, 1999, the District had submitted invoices for \$61,383. On 11/30/99, OWDA billed the District \$69,865.49 (invoices submitted plus interest). Violet Township paid the loan on the District's behalf, in 1999.

4. RISK MANAGEMENT

The District has obtained insurance through the Public Entities Pool of Ohio for the following risks:

- Comprehensive property and general liability
- Errors and omissions



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

Board of Trustees
Violet Water and Sewer District
Fairfield County
12970 Rustic Drive
Pickerington, Ohio 43147

We have audited the accompanying financial statements of Violet Water and Sewer District, Fairfield County, Ohio (the District), as of and for the years ended December 31, 1994 through December 31, 1999, and have issued our report thereon dated February 2, 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 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated February 2, 2000.

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. 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 February 2, 2000.

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

February 2, 2000



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VIOLET TOWNSHIP WATER AND SEWER DISTRICT

FAIRFIELD 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
APRIL 4, 2000**