



**BUCKEYE WATER DISTRICT
COLUMBIANA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BUCKEYE WATER DISTRICT
COLUMBIANA COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Buckeye Water District
P.O. Box 15
1925 Clark Avenue
Wellsville, Ohio 43968

To the Board of Trustees:

We have audited the accompanying financial statements of the Buckeye Water District, Columbiana County, (the District) as of and for the year ended December 31, 2000. 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 Buckeye Water District prepares its financial statements on a 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 fund cash balances of the Buckeye Water District 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 a report dated May 21, 2001, 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 *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, 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

May 21, 2001

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**BUCKEYE WATER DISTRICT
COLUMBIANA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH BALANCES - ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>WATER REVENUE FUND</u>
Operating Cash Receipts:	
Charges for Services	\$1,413,950
Special Assessments	22,196
Interest Income	98,146
Miscellaneous Services	<u>943,011</u>
 Total Operating Cash Receipts	 2,477,303
Operating Cash Disbursements:	
Personal Services	670,598
Contract Services/Supplies	1,245,321
Capital Outlay	<u>350,693</u>
 Total Operating Cash Disbursements	 2,266,612
 Operating Income/(Loss)	 210,691
Non-Operating Cash Receipts:	
Proceeds of Notes	<u>2,657,000</u>
 Total Non-Operating Cash Receipts	 2,657,000
Non-Operating Cash Disbursements:	
Debt Service	<u>444,466</u>
 Total Non-Operating Cash Disbursements	 <u>444,466</u>
 Net Receipts Over/(Under) Disbursements	 2,423,225
 Cash Balances, January 1	 <u>474,109</u>
 Cash Balances, December 31	 <u><u>\$2,897,334</u></u>

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

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**BUCKEYE WATER DISTRICT
COLUMBIANA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Buckeye Water District (formerly known as the Southern Columbiana County Regional Water District), Columbiana County, (the District) is a body corporate and politic established pursuant to Ohio Revised Code Section 6119.051. The territory included within the District consists of the entire area of Madison and Yellow Creek Townships, including the Village of Wellsville, and portions of St. Clair and Liverpool Townships that are not inside the corporation limits of the City of East Liverpool. The District is directed by an appointed nine-member Board. Three of the members are appointed by the Columbiana County Board of Commissioners. Three members are appointed by the Township Trustees of the townships which comprise part of the District and the other three members are appointed by the Mayor or Council of the municipalities which comprise part of the District. The District provides water utility service to the local community.

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 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. BUDGETARY PROCESS

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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. The County Budget Commission must also approve estimated resources.

3. Encumbrances

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

**BUCKEYE WATER DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
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 disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

E. UNPAID VACATION AND SICK LEAVE

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the District.

2. EQUITY IN CASH

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

	2000
Demand deposits	\$ <u>2,897,334</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by securities pledged by the financial institution to the District.

3. BUDGETARY ACTIVITY

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

2000 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Enterprise	\$4,183,100	\$5,134,303	\$951,203

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
Enterprise	\$4,183,100	\$2,711,078	\$1,472,022

4. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
General Obligation Note - Meter Replacement	\$90,292	5.85%
Ohio Public Works Commission Loan	79,825	0%
Ohio Water Development Authority Loan	251,178	6.02%
Water Revenue Bond Anticipation Notes	<u>2,657,000</u>	5.5%
Total	\$3,078,295	

**BUCKEYE WATER DISTRICT
COLUMBIANA COUNTY**

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

4. DEBT (Continued)

The proceeds of the general obligation note were used to replace water meters. The maturity date of the loan is January 1, 2005.

The Ohio Public Works Commission (OPWC) Loan was assumed from Columbiana County, which had originally been issued for water system improvements. The maturity date of the loan is July 1, 2014.

The Ohio Water Development Authority (OWDA) Loan was assumed from Columbiana County, which had originally been issued for water system improvements. The maturity date of the loan is July 1, 2014.

The proceeds of the water revenue bond anticipation notes were used for the construction of the water resource project. The loan was issued on April 5, 2000 and no payments are due until the maturity date of the loan which is April 5, 2002.

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

Year ending December 31:	Meter Loan	OPWC Loan	OWDA Loan	Water Notes
2001	\$24,912	\$ 5,913	\$ 27,715	\$ 0
2002	24,912	5,913	27,715	2,957,307
2003	24,912	5,913	27,715	0
2004	24,912	5,913	27,715	0
2005	2,076	5,913	27,715	0
Subsequent	<u>0</u>	<u>50,260</u>	<u>235,575</u>	<u>0</u>
Total	<u>\$101,724</u>	<u>\$79,825</u>	<u>\$374,150</u>	<u>\$2,957,307</u>

5. RETIREMENT SYSTEM

The employees of the District were covered by the Public Employees Retirement System (PERS) of Ohio. PERS is a cost sharing, multiple-employer plans. 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 District contributed an amount equal to 10.84% of participants' gross salaries. The District has paid all contributions required through December 31, 2000.

6. 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***

Buckeye Water District
Columbiana County
P.O. Box 15
1925 Clark Avenue
Wellsville, Ohio 43968

To the Board of Trustees:

We have audited the financial statements of the Buckeye Water District, Columbiana County, Ohio, as of and for the year ended December 31, 2000 and have issued our report thereon dated May 21, 2001. 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 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 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 is required to be reported under *Government Auditing Standards*.

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.

This report is intended for the information and use of the audit committee, management, 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

May 21, 2001



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BUCKEYE WATER DISTRICT

COLUMBIANA 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
JUNE 21, 2001**