

RENO WATER AND SEWER DISTRICT  
SOUTHEAST REGION, WASHINGTON COUNTY  
REGULAR AUDIT  
JANUARY 1, 1999 - DECEMBER 31, 2000  
FISCAL YEARS AUDITED UNDER GAGAS: 2000 & 1999





STATE OF OHIO  
OFFICE OF THE AUDITOR

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Board of Trustees  
Reno Water and Sewer District  
Marietta, Ohio 45750

We have reviewed the Independent Auditor's Report of the Reno Water and Sewer District, Washington County, prepared by Perry and Associates, for the audit period January 1, 1999 through December 31, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Reno Water and Sewer District is responsible for compliance with these laws and regulations.

JIM PETRO  
Auditor of State

October 23, 2001

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RENO WATER AND SEWER DISTRICT  
WASHINGTON COUNTY  
JANUARY 1, 1999 THROUGH DECEMBER 31, 2000

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Report of Independent Accountants

Board of Trustees  
Reno Water and Sewer District  
Washington County  
Route 6, Box 59  
Marietta, Ohio 45750

We have audited the accompanying statements of financial position of the Reno Water and Sewer District, Washington County, (the District) as of and for the years ended December 31, 2000 and December 31, 1999, 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 audits 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 general purpose 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.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Reno Water and Sewer District, Washington County, as of December 31, 2000 and December 31, 1999, and the results of its operations and cash flows of its proprietary fund type for the years 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 a report dated July 10, 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.

Respectfully submitted,

Perry and Associates  
Certified Public Accountants

July 10, 2001

Reno Area Water and Sewer District  
Washington County  
Balance Sheet  
As of December 31, 2000 and December 31, 1999

<u>Assets</u>	<u>2000</u>	<u>1999</u>
<u>Current Assets</u>		
Cash on Hand and in Bank(Note 4)	\$ 33,051	29,260
Investments-CDS	108,481	102,751
Repurchase Agreement	552,425	478,209
Accounts Receivable	96,151	92,670
Inventory	5,900	6,838
Prepaid Expenses	<u>8,022</u>	<u>6,906</u>
Total Current Assets	<u>804,030</u>	<u>716,634</u>
 <u>Property, Plant and Equipment: (Note 5)</u>		
Land	37,440	37,440
Building	68,196	68,196
Furniture and Equipment	113,661	96,171
Line Systems	2,478,808	2,425,093
Less: Accumulated Depreciation	<u>(1,033,042)</u>	<u>(949,201)</u>
Net Property, Plant and Equipment	<u>1,665,063</u>	<u>1,677,699</u>
Total Assets	<u>\$2,469,093</u>	<u>\$2,394,333</u>
 <u>Liabilities and Equity</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 43,153	\$ 32,867
Compensated Absences Payable(Note3)	6,326	-0-
Accrued Expenses	2,840	3,679
Accrued Interest	29,272	30,118
Current Portion of Long-Term Debt (Note 6)	24,665	21,145
Customer Deposits	<u>8,675</u>	<u>7,850</u>
Total Current Liabilities	<u>114,931</u>	<u>95,659</u>
<u>Long-Term Liabilities</u>		
Note Payable-GECC (Note 6)	623,000	641,000
Contract Payable-U.S. Government(Note 6)	20,999	22,499
Note Payable-OPWC (Note 6)	253,422	260,938
Less: Current Maturities	<u>(24,665)</u>	<u>(21,145)</u>
Unclaimed Funds Payable	<u>2</u>	<u>0</u>
Total Long-Term Liabilities	<u>872,758</u>	<u>903,292</u>
Total Liabilities	<u>987,689</u>	<u>998,954</u>

The accompanying notes are an integral part of  
these financial statements



Reno Area Water and Sewer District  
Washington County  
Balance Sheet  
As of December 31, 2000 and December 31, 1999  
(Continued)

<u>Equity</u>	<u>2000</u>	<u>1999</u>
Contributed Capital- FMHA Grant	\$ 200,000	\$ 200,000
Contributed Capital- U.S. Government	42,086	42,086
Contributed Capital- Ohio Public Works Commission	202,793	202,793
Retained Earnings	<u>1,036,525</u>	<u>950,500</u>
Total Equity	<u>1,481,404</u>	<u>1,395,379</u>
Total Liabilities and Equity	<u>\$ 2,469,093</u>	<u>\$2,394,333</u>

The accompanying notes are an integral part of  
these financial statements.

Reno Area Water and Sewer District  
Washington County  
Statements of Revenues, Expenses and  
Changes in Retained Earnings  
For the Years Ended December 31, 2000 and 1999

	<u>2000</u>	<u>1999</u>
Operating Revenues:		
Water and Sewer Sales	\$ 604,096	\$ 594,126
New Taps	15,886	19,836
Miscellaneous	<u>150</u>	<u>300</u>
Total Operation Revenues	<u>620,132</u>	<u>614,262</u>
Operating Expenses:		
Water Purchases	251,023	230,713
Insurance	5,985	3,979
Operating Supplies	2,945	1,867
Utilities	19,380	17,348
Repairs and Maintenance	10,093	9,634
Office and Legal Fees	24,390	52,869
Salaries	74,188	71,816
Contract Labor	6,145	0
Fringe Benefits(Note 7)	41,574	32,931
Depreciation	<u>97,222</u>	<u>96,107</u>
Total Operating Expenses	<u>532,945</u>	<u>517,264</u>
Net Income From Operations	<u>87,187</u>	<u>96,998</u>
Non-Operating Revenues (Expenses):		
Interest Income	31,955	25,161
Interest Expense	(34,673)	(32,458)
Gain on Disposal of Asset	<u>1,556</u>	<u>0</u>
Total Non-Operating Revenues (Expenses)	<u>(1,162)</u>	<u>(7,297)</u>
Net Income	86,025	89,701
Retained Earnings, Beginning of Year	<u>950,500</u>	<u>860,799</u>
Retained Earnings, End of Year	<u>\$1,036,525</u>	<u>\$ 950,500</u>

The accompanying notes are an integral part of  
these financial statements

Reno Area Water and Sewer District  
Washington County  
Statements of Cash Flows  
For the Years Ended December 31, 2000 and December 31, 1999

	<u>2000</u>	<u>1999</u>
<u>Cash Flows from Operating Activities</u>		
Net Income	\$ 86,025	\$ 89,701
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	83,841	96,107
(Gain) loss on disposal of property	(1,556)	0
(Increase) decrease in accounts receivable	(3,481)	(291)
(Increase) decrease in prepaid expenses	(1,116)	(48)
(Increase) decrease in inventories	938	14
Increase (decrease) in Worker's Comp. Deposit	0	398
Increase (decrease) in accounts payable	15,286	(7,276)
Increase (decrease) Unclaimed Funds Payable	1,325	0
Increase (decrease) in accrued interest	(846)	(392)
Increase (decrease) in accrued expenses	(4,128)	(892)
Increase (decrease) in customer deposits	825	592
Total adjustments	<u>91,088</u>	<u>88,212</u>
Net Cash Provided (used) by Operating Activities	<u>177,113</u>	<u>177,913</u>
<u>Cash Flows from Investing Activities</u>		
Cash payments for the purchase of property	(69,649)	(346,476)
Cash proceeds from the sale of property	<u>0</u>	<u>0</u>
Net Cash Provided (used) by Investing Activities	<u>(69,649)</u>	<u>(346,476)</u>
<u>Cash Flows from Financing Activities</u>		
Proceeds from issuance of long-term debt	0	206,667
Principal payments on long-term debt	(22,227)	(19,290)
Payments on Contract Payable	<u>(1,500)</u>	<u>0</u>
Net Cash Provided (Used) by Financing Activities	<u>(23,727)</u>	<u>187,377</u>
Net Increase (Decrease) in Cash and Cash Equivalents	83,737	18,814
Cash and Cash Equivalents, Beginning of Year	<u>610,220</u>	<u>591,406</u>
Cash and Cash Equivalents, End of Year	<u>\$ 693,957</u>	<u>\$ 610,220</u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash Paid During the period for:		
Interest	<u>\$ 34,673</u>	<u>\$ 32,458</u>

The accompanying notes are an integral part of these financial statements

Reno Water and Sewer District  
Washington County  
Statement of Budget vs. Actual Revenue and Expenditures  
for the year ended December 31, 2000

	2000 Operating	2000 Actual Budget	Dollar Under(Over) Expenditures Variance
<b>Revenue Accounts:</b>			
Water and Sewer Sales	\$620,000	\$604,096	\$ 15,904
New Taps	10,000	15,886	(5,886)
Miscellaneous	500	150	350
Interest Income	10,000	31,955	(21,955)
Gain on Sale of Asset	0	1,556	(1,556)
Total Revenue	<u>\$640,500</u>	<u>\$653,643</u>	<u>\$ (13,143)</u>
<b>Expenditure Accounts:</b>			
Water Purchase	260,000	251,023	8,977
Insurance	6,500	5,985	515
Operating Supplies	2,500	2,945	(445)
Utilities	20,000	19,380	620
Repairs and Maintenance	45,000	10,093	34,907
Office and Legal	41,500	30,535	10,965
Salaries	75,000	74,188	812
Fringe Benefits	45,000	41,574	3,426
Depreciation	90,000	97,222	(7,222)
Interest Expense	35,000	34,673	327
Total Expenses	<u>\$620,500</u>	<u>\$567,618</u>	<u>\$ 52,882</u>
Increase(Decrease) in Fund Balance	<u>\$ 20,000</u>	<u>\$ 86,025</u>	<u>\$ (66,025)</u>

The accompanying notes are an integral part of  
these financial statements

Reno Water and Sewer District  
Washington County  
Notes to the General Purpose Financial Statements  
For the Years Ended December 31, 2000 and December 31, 1999

1. Description of the Entity

The Reno Water and Sewer District is a regional water and sewer district organized under the provisions of Chapter 6119 of the revised Code by the Common Pleas Court of Washington County on July 2, 1975. The District operations under the direction of a five-member Board of Trustees. An appointed Secretary/Treasurer is responsible for the fiscal control of the resources of the District. The District was established to provide an adequate and uncontaminated water supply and a sanitary system for the District's residential and business users. The District serves all or parts of the following subdivisions:

Washington County  
Fearing Township  
Marietta Township  
Newport Township

As required by accounting principles generally accepted in the United States of America, the general purpose financial statements present the District (the primary government) and any component units. In determining whether to include a governmental department, agency, commission or organization as a component unit, the District must evaluate each entity as to whether they are legally separate and financially accountable based on criteria set forth by the Governmental Accounting Standards Board (GASB). Legal separateness is evaluated on the basis of (1) its corporate name, (2) the right to sue or be sued and (3) the right to buy, sell, lease and mortgage property. Financial accountability is based on (1) the appointment of the governing authority and (2) the ability to impose will or (3) the providing of specific financial benefit or imposition of a specific financial burden. Another factor to consider in this evaluation is whether an entity is fiscally dependent on the District.

The District has no component units.

2. Summary of Significant Accounting Policies

The financial Statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

A. Basis of Presentation

The District's operations are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Reno Water and Sewer District  
Washington County  
Notes to the General Purpose Financial Statements  
For the Years Ended December 31, 2000 and December 31, 1999

2. Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Basis of Accounting

The District's 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 statement presents increase (i.e., revenues) and decrease (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The District uses the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

C. Budgetary Process

The District does not follow the budgeting procedures required by Ohio Rev. Code Chapter 5705. The District relied on Ohio Attorney General Opinion No. 77-068, which concluded that taxing districts that do not levy property taxes are not subject to Ohio Rev. Code Chapter 5705 budgetary requirements.

The Ohio Attorney General opinion No. 99-020 concerning the applicability of Ohio Rev. Code Chapter 5705 to regional water and sewer districts, formed under Ohio Rev. Code Chapter 6119, was issued in March 1999. This Opinion concluded that various requirements of Ohio Rev. Code Chapter 5705 are applicable to regional water and sewer districts.

The District began implementation of these procedures in the year ending December 31, 2000.

D. Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the District's participation in a repurchase agreement is treated as a demand account and reported as a cash equivalent. Cash in the District's operating account is considered cash for the purposes of the Statement of Cash Flows.

E. Fixed Assets and Depreciation

Fixed assets acquired or constructed for the general use of the District in providing services are recorded at cost. Construction costs of the water systems are capitalized, including interest incurred on construction projects, when they are substantially completed. Donated assets are recorded at their fair market value at the time recorded. Depreciation of fixed assets of the District is calculated utilizing the straight line method. No depreciation is charged in the year of acquisition. All assets reported in the financial statements are at cost less accumulated depreciation. The estimated useful lives by major fixed asset range from 5 to 32.75 years.

Reno Water and Sewer District  
Washington County  
Notes to the General Purpose Financial Statements  
For the Years Ended December 31, 2000 and December 31, 1999

2. Summary of Significant Accounting Policies (Continued)

F. Allowance for Doubtful Accounts

The District uses the direct method of writing off bad debts. As a result, no allowance for doubtful accounts has been established. This method is not in conformity with accounting principles generally accepted in the United States of America. However, any differences are considered to be immaterial to the general purpose financial statements.

G. Inventory

The inventory is valued at cost, which approximates market, utilizing first in, first out (FIFO) method. The inventory of the District consists of expendable materials and supplies. The cost is recorded as an expense at the time individual inventory items are used.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2000 and December 31, 1999, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Compensated Absences

GASB Statement 16 establishes criteria for compensated absences. Compensated absences for vacation leave and benefits with similar characteristics should be recorded as a liability when earned by employees if the following conditions are satisfied:

1. Compensated absence is earned on the basis of services already performed by employees.
2. It is probable that the compensated absence will be paid in a future period.

J. Contributed Capital

Contributed capital is recorded by the District for receipts of capital grants or contributions from developers or customers. Contributed capital of the District has been from customers, donated assets and grants. Grant amounts are reported as contributed capital in the period in which the entitlement occurs.

K. Tax-exempt Status

The District is a nonprofit governmental agency and is, therefore, exempt from federal, state, and local income and sales taxes.

3. Change in Accounting Principles

The District has implemented GASB Statement No. 16, Accounting for Compensated Absences. GASB Statement No. 16 establishes accounting and reporting guidelines for governmental recognition of Compensated Absences. The implementation of this statement required no change in the prior period balances of the District's financial statements.

Reno Water and Sewer District  
Washington County  
Notes to the General Purpose Financial Statements  
For the Years Ended December 31, 2000 and December 31, 1999

4. Equity in Pooled Cash and Investments

State statutes classify monies held by the District into three categories.

Active deposits are deposits necessary to meet current demands on the treasury. Such monies maintained either as cash in the District treasury, in commercial accounts payable or withdraw able on demand, including negotiable order of withdrawal(NOW) accounts, or in money market deposit accounts.

Inactive deposits are deposits that the Board Of Trustees have identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts. Interim monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State Of Ohio;
5. No-loan money market mutual funds consisting exclusively of obligations described in division (1) of (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool(STAR Ohio);
7. Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,



Reno Water and Sewer District  
 Washington County  
 Notes to the General Purpose Financial Statements  
 For the Years Ended December 31, 2000 and December 31, 1999

4. Equity in Pooled Cash and Investments (Continued)

8. Under limited circumstance, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

The District may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State Of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and,
3. Obligations of the District.

Investment is stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must with five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments may only be made through specified dealers and institutions. Payments for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Any depository that receives a District deposit or investment is required to pledge to the investing authority as collateral eligible securities of aggregate fair value that, when added to the portion of the deposit by the Federal Deposit Insurance Corporation, equals or exceeds the amount of District funds deposited.

A public depository may, at its option, pledge a single pool of eligible securities to secure the repayment of all public monies held by the depository. The pool of securities so pledged must have a current fair value at least equal to 110% of all public monies on deposit with the depository including the amount covered by federal insurance.

GASB Statement No. 9 requires the District to report cash flows for its' Enterprise Fund. For purpose of the Statement of Cash Flows, Enterprise Fund participation in the repurchase agreement is treated as a cash equivalent.

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Reno Water and Sewer District  
Washington County  
Notes to the General Purpose Financial Statements  
For the Years Ended December 31, 2000 and December 31, 1999

4. Equity in Pooled Cash and Investments (Continued)

The Governmental Accounting Standards Board(GASB Statement No. 3) has established credit risk categories for deposits and investments as follows:

Category 1: Deposits that are insured or collateralized with securities held by the District of its agent in the District's name;  
Investments that are insured or registered, or securities held by the District or its agent in the District's name.

Category 2: Deposits that are collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

Investments that are uninsured and unregistered, with securities held by the counter-party's trust department or agent in the District's name.

Category 3: Deposits that are uncollateralized or collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the District's name.

Investments that are uninsured and unregistered, with securities held by the counter-party or its trust department or agent but not in the District's name;

Based on the above criteria, the District's deposits and investments at December 31, 2000 are classified as follows:

	Category 1	Category 2	Carrying Amount	Fair Value
<u>Deposits:</u>				
Demand Deposits	<u>\$36,886</u>		<u>\$33,051</u>	
Total Deposits	<u>\$ 36,886</u>		<u>\$ 33,051</u>	
<u>Investments:</u>				
Repurchase Agreement		\$552,425	\$552,425	\$552,425
Certificate of Deposit		<u>108,481</u>	<u>108,481</u>	<u>108,481</u>
Total Investments		<u>\$660,906</u>	<u>\$660,906</u>	<u>\$660,906</u>

Reno Water and Sewer District  
Washington County  
Notes to the General Purpose Financial Statements  
For the Years Ended December 31, 2000 and December 31, 1999

4. Equity in Pooled Cash and Investments (Continued)

Based on the above criteria, the District's deposits and investments at December 31, 1999 are classified as follows:

	Category 1	Category 2	Carrying Amount	Fair Value
<u>Deposits:</u>				
Demand Deposits	<u>\$35,680</u>		<u>\$29,260</u>	
Total Deposits	<u>\$ 35,680</u>		<u>\$ 29,260</u>	
<u>Investments:</u>				
Repurchase Agreement		\$478,209	\$478,209	\$478,209
Certificate of Deposit		<u>102,751</u>	<u>102,751</u>	<u>102,751</u>
Total Investments		<u>\$580,960</u>	<u>\$580,960</u>	<u>\$580,960</u>

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9 STAR Ohio and investments with an original maturity of three months or less are treated as cash and cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this Note is based on criteria set forth in GASB Statement No. 3.

A reconciliation between classifications of cash and investments on the combined financial statements and the classifications per GASB Statement No. 3 is as follows as of December 31, 2000.

	Cash and Cash Equivalents	Investments
Per Balance Sheet	\$ 33,051	\$660,906
Certificate of Deposit	108,481	(108,481)
Repurchase Agreement	<u>552,425</u>	<u>(552,425)</u>
Per GASB Statement No. 3	<u>\$693,957</u>	<u>\$ 0</u>

A reconciliation between classifications of cash and investments on the combined financial statements and the classifications per GASB Statement No. 3 is as follows as of December 31, 1999.

	Cash and Cash Equivalents	Investments
Per Balance Sheet	\$ 29,260	\$580,960
Certificate of Deposit	102,751	(102,751)
Repurchase Agreement	<u>478,209</u>	<u>(478,209)</u>
Per GASB Statement No. 3	<u>\$610,220</u>	<u>\$ 0</u>

Reno Water and Sewer District  
Washington County  
Notes to the General Purpose Financial Statements  
For the Years Ended December 31, 2000 and December 31, 1999

5. Fixed Assets

A summary of the fixed assets as of December 31, 2000 and December 31, 1999 is as follows:

	December 31, 2000	December 31, 1999
Land	\$ 37,440	\$ 37,440
Building	68,196	68,196
Furniture and Equipment	113,661	96,171
Line Systems	<u>2,478,808</u>	<u>2,425,093</u>
<b>Total</b>	<b>\$2,698,105</b>	<b>\$2,626,900</b>
 Less Accumulated Depreciation		
Building	(34,330)	(32,058)
Furniture and Equipment	(74,229)	(75,407)
Line Systems	<u>(924,483)</u>	<u>(841,736)</u>
<b>Total Accum. Depreciation</b>	<b><u>(1,033,042)</u></b>	<b><u>(949,201)</u></b>
<b>Total Net Fixed Assets</b>	<b><u>\$1,665,063</u></b>	<b><u>\$1,677,699</u></b>

Long-Term Debt

Long-Term Debt outstanding at December 31, 2000, consisted of the following:

	<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
<u>General Electric Credit Corporation</u>			
Notes dated February 25, 1979, due 2019, with interest at 5%	\$10,000	\$301,000	\$311,000
Notes dated September 17, 1982, due 2022, with interest at 5%	<u>8,000</u>	<u>304,000</u>	<u>312,000</u>
<b>Totals</b>	<b><u>\$18,000</u></b>	<b><u>\$605,000</u></b>	<b><u>\$623,000</u></b>

The notes payable to General Electric Credit Corporation are covered by a water system grant agreement and security agreement which contains conditions which the District is required to meet concerning use and disposition of property included in the agreement. The agreement also pledges accounts receivable and other property. The notes are serviced through the General Motors Acceptance Corporation.

United States Department of Army-Corps of Engineers

	<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
Contract dated June 30, 1998, due 2029	\$ 750	\$20,249	\$20,999
Reno Area Water and Sewer District is required to make payments of \$750 per year for forty years, beginning July 1, 1989, to the United States Government for credits on the Willow Island Project.			

Reno Water and Sewer District  
Washington County  
Notes to the General Purpose Financial Statements  
For the Years Ended December 31, 2000 and December 31, 1999

6. Long-Term Debt

<u>Ohio Public Works Commission</u>	<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
Note dated November 8, 1996, due 2016	\$1,645	\$49,339	\$50,983
1% Note dated May 17, 1999, due 2020	4,270	198,169	202,439

Reno Area Water and Sewer District is required to make payments of \$1,645, semi-annually for twenty years, beginning January 1, 1997 and \$6,294, semi-annually for twenty years, beginning January 1, 2001 [with an interest only payment of \$1,401 on July 1, 2000], to the Ohio Public Works commission for credits on the Grub Road and System II Storage and Pressure Upgrade Projects, respectively.

The annual requirements to amortize all long-term debt outstanding as of December 31, 2000 are as follows:

<u>Year Ending December 31</u>	<u>1979 GECC Note</u>	<u>1982 GECC Note</u>	<u>Army Corps of Engineers</u>	<u>OPWC Loans CR933</u>	<u>CR11B</u>	<u>Totals</u>
2001	10,000	8,000	750	1,645	4,270	24,665
2002	11,000	9,000	750	3,290	8,668	32,708
2003	11,000	9,000	750	3,290	8,842	32,882
2004	12,000	9,000	750	3,290	9,020	34,060
2005	12,000	10,000	750	3,290	9,201	35,241
Subsequent	255,000	267,000	17,249	36,178	162,438	737,865
<b>Total</b>	<b>\$311,000</b>	<b>312,000</b>	<b>20,999</b>	<b>50,983</b>	<b>202,439</b>	<b>897,421</b>

7. Pension Obligations

Public Employees Retirement System

Plan Description: The district contributes to the Public Employees Retirement System of Ohio(PERS), a cost-sharing multiple-employer defined pension plan administered by the State. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established and amended by state statute per Chapter 145 of the Ohio Revised Code.

The PERS issues a stand-alone, publicly available annual financial report that includes financial statements and required supplementary information. This report may be obtained by writing to Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS(7377).

Reno Water and Sewer District  
Washington County  
Notes to the General Purpose Financial Statements  
For the Years Ended December 31, 2000 and December 31, 1999

7. Pension Obligations(Continued)

Funding Policy: Plan members are required to contribute 8.5% of their annual covered salary and the District is required to contribute 13.55%. The Ohio Revised Code provides statutory authority for employee and employer contribution rates. The Retirement Board made a one-time employer contribution rate rollback for calendar year 2000. The total contribution rate for local employers 10.84% of covered payroll. The percentage of the employer contribution rate used to fund healthcare was 4.3% for 2000 and 4.2% for 1999. The District's required contributions to PERS for the years ending December 31, 1998, 1999, and 2000 were \$8,606, \$8,782, and \$7,833, respectively. 100% has been contributed for 1998, 1999, and 2000.

Post employment Benefits: The PERS of Ohio also provides post employment health care benefits to age and service retirees with ten(10) or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care which is considered an Other Post Employment Benefit(OPEB). The Ohio Revised Code provides statutory authority for employer contributions and requires public employers to fund post retirement health care through their contributions to PERS. Of the 10.84% employer contribution rate for the District, 4.3% was used to fund health care for the year 2000, which amounted to \$3,190. Through the contributions of employers and the investment earnings thereon, the amount allocated to retiree health care is expected to be sufficient to maintain the program indefinitely.

During 2000, the expenditures for OPEB were \$559,606,294. As of December 31, 2000, the unaudited estimated net asset available for future OPEB payments were \$10,965,429,369 and the number of recipients eligible for OPEB payments were 131,428. During 1998, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. This was effective January 1, 1998, and under this new method employer contributions equal to 4.2%(4.3% in 2000) of member covered payroll will be used to fund health care expense.

8. Risk Management

The District maintains comprehensive insurance coverage with private carriers for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. The District has also obtained coverage for general liability and errors and omissions.

Settled claims have not exceeded any aforementioned commercial coverage in any of the past three years.

The District pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

9. Concentrations of Credit Risk

Financial instruments that potentially subject the District to concentrations of credit risk consist principally of accounts receivable. Concentrations of credit risk with respect to receivables are limited due to the large number of customers comprising the District's customer base. As of December 31, 2000 and December 31, 1999, the District had no significant concentrations of credit risk.

Report on Compliance and on Internal Control  
Required by Government Auditing Standards

Board of Trustees  
Reno Water and Sewer District  
Washington County  
Route 6, Box 59  
Marietta, Ohio 45750

We have audited the general purpose financial statements of the Reno Water and Sewer District, Washington County, ( the District) as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated July 10, 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 District's general purpose 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 are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated July 10, 2001.

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 July 10, 2001.

Reno Water and Sewer District  
Washington County  
Report on Compliance and on Internal Control  
Required by Government Auditing Standards  
Page 2

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

Respectfully submitted,

Perry and Associates  
Certified Public Accountants

July 10, 2001





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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Columbus, Ohio 43216-1140  
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800-282-0370  
Facsimile 614-466-4490

**RENO WATER AND SEWER DISTRICT**

**WASHINGTON 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  
NOVEMBER 8, 2001**