



**TRI-COUNTY WATER AUTHORITY  
HARRISON COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**



**TRI-COUNTY WATER AUTHORITY  
HARRISON COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balances For the Years Ended December 31, 2000 and 1999 .....	3
Notes to the Financial Statements .....	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	9

**This page intentionally left blank.**



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

Government Center  
242 Federal Plaza West,  
Suite 302  
Youngstown, Ohio 44503  
Telephone 330-797-9900  
800-443-9271  
Facsimile 330-7979949

## REPORT OF INDEPENDENT ACCOUNTANTS

Tri-County Water Authority  
Harrison County  
P.O. Box 26  
Harrisville, Ohio 43974

To the Board of Trustees:

We have audited the accompanying financial statements of Tri-County Water Authority, Harrison County Ohio, (the District) as of and for the years ended December 31, 2000 and 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 Tri-County Water Authority, Harrison County, as of December 31, 2000 and 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 June 20, 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 *Government 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 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

June 20, 2001

**This page intentionally left blank.**

**TRI COUNTY WATER AUTHORITY  
HARRISON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

	<b>2000</b>	<b>1999</b>
<b>Operating Cash Receipts:</b>		
Charges for Services	\$479,948	\$454,117
Miscellaneous		23,607
	479,948	477,724
<b>Operating Cash Disbursements:</b>		
Salaries	101,307	100,139
Contract Services	250	2,068
Utilities	10,687	10,616
Supplies and Materials	16,392	23,945
Water Purchase	288,547	264,974
Capital Outlay	103,345	113,413
Miscellaneous	1,047	
	521,575	515,155
Total Operating Cash Disbursements		
	(41,627)	(37,431)
Operating Income/(Loss)		
<b>Non-Operating Cash Receipts:</b>		
Sale of Notes	86,445	113,400
Refunds to Customers		(105,248)
Interest	21,849	16,240
	108,294	24,392
Total Non-Operating Cash Receipts		
<b>Non-Operating Cash Disbursements:</b>		
Debt Service	24,180	43,683
	24,180	43,683
Total Non-Operating Cash Disbursements		
Net Receipts Over/(Under) Disbursements	42,487	(56,722)
Cash Balances, January 1	379,295	436,017
<b>Cash Balances, December 31</b>	<b>\$421,782</b>	<b>\$379,295</b>

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

**This page intentionally left blank.**



**TRI-COUNTY WATER AUTHORITY  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Tri-County Water Authority, Harrison 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 an appointed four-member Board of Trustees. Board members are appointed by the Mayor and the Council of the Village of Harrisville. The subdivisions that make up the District are the Village of Harrisville, and parts of Shortcreek Township, Mt. Pleasant Township and Colerain Township. The District provides water services to residents of the District.

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. 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 or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments.

**TRI-COUNTY WATER AUTHORITY  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**1. 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.

**2. 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.

A summary of 2000 budgetary activity appears in Note 3.

**E. 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.

**F. 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 basis of accounting used by the District.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The District invests in U.S. Treasury Notes.

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$12,221	\$29,039
U.S. Treasury Notes	<u>409,561</u>	<u>350,256</u>
Total deposits and investments	<u><u>\$421,782</u></u>	<u><u>\$379,295</u></u>

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

**TRI-COUNTY WATER AUTHORITY  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

**Investments:** U.S. Treasury Notes are held in book-entry form by the Federal Reserve, in the name of the District's financial institution. The financial institution maintains records identifying the District as owner of these securities.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending 2000 follows:

Budgeted vs. Actual Receipts

	2000
Budgeted Receipts	\$569,000
Actual Receipts	588,242
Variance	\$19,242

Budgeted vs. Actual Budgetary Basis Expenditures

	2000
Appropriation Authority	\$549,000
Budgetary Expenditures	545,755
Variance	\$3,245

**4. DEBT**

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Water Works Revenue Bonds	\$8,400	5%
Water Storage Tank Bonds	220,000	5%
Ohio Water Development Authority Loan	199,845	5%
Total	\$428,245	

The Water Works Revenue Bonds are due and have been receipted into a Trust Account with Belmont National Bank.

The Water Storage Tank Bonds were issued to finance the construction of a new water tank. Operating receipts of the District are used to retire this debt.

**TRI-COUNTY WATER AUTHORITY  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**4. DEBT (Continued)**

The Ohio Water Development Authority Loan was used to finance the planning costs of a water line project. The project has been abandoned and the repayment of the loan will begin in 2001.

All bonds and notes are collateralized solely by the future revenues from the District's water operations.

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

Year ending December 31:	Water Revenue Bonds	Water Storage Tank Bonds	OWDA Loan
2001	\$11,000	\$23,550	\$150,000
2002	0	23,920	20,000
2003	0	24,237	20,000
2004	0	23,502	42,574
2005	0	23,767	0
Subsequent	0	189,804	0
Total	<u>\$11,000</u>	<u>\$308,780</u>	<u>\$232,574</u>

**5. 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 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% during 1999 and 10.84% during 2000 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



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

Government Center  
242 Federal Plaza West  
Suite 302  
Youngstown, Ohio 44503  
Telephone 330-797-9900  
800-443-9271  
Facsimile 330-797-9949

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

Tri-County Water Authority  
Harrison County  
P.O. Box 26  
Harrisville, Ohio 43974

To the Board of Trustees:

We have audited the accompanying financial statements of Tri-County Water Authority, Harrison County, Ohio (the District), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 20, 2001. 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 certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated June 20, 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated June 20, 2001.

Tri-County Water Authority  
Harrison County County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

June 20, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**TRI-COUNTY WATER AUTHORITY**

**HARRISON 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 10, 2001**