



**Auditor of State
Betty Montgomery**

**TRIMBLE TOWNSHIP WASTE WATER TREATMENT DISTRICT
ATHENS COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Trimble Township Waste Water Treatment District
Athens County
18551 Jacksonville Road
P.O. Box 278
Jacksonville, Ohio 45740

To the Board of Trustees:

We have audited the accompanying financial statement of the Trimble Township Waste Water Treatment District, Athens County, Ohio (the District), as of and for the years ended December 21, 2002 and 2001. This financial statement is the responsibility of the District's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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. 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 statement 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 statement referred to above presents fairly, in all material respects, the combined fund cash balances of the Trimble Township Waste Water Treatment District, Athens County, as of December 31, 2002 and 2001, 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 4, 2003 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.

Trimble Township Waste Water Treatment District
Athens County
Independent Accountants' Report
Page 2

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

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Betty Montgomery
Auditor of State

June 4, 2003

**TRIMBLE TOWNSHIP WASTE WATER TREATMENT DISTRICT
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

	2002	2001
Operating Cash Receipts:		
Charges for Services	\$ 466,309	\$ 461,204
Total Operating Cash Receipts	466,309	461,204
Operating Cash Disbursements:		
Personal Services	156,498	129,641
Utilities	30,519	30,307
Transportation	4,911	2,171
Contractual Services	60,217	77,995
Supplies and Materials	25,893	32,646
Capital Outlay	92,449	
Total Operating Cash Disbursements	370,487	272,760
Operating Income/(Loss)	95,822	188,444
Nonoperating Cash Receipts/(Disbursements):		
Interest	11,061	20,283
Intergovernmental Revenues	177,895	
Miscellaneous	16,535	19,840
Debt Service	(179,660)	(179,425)
Other Nonoperating Cash Disbursements	(1,253)	(1,122)
Total Nonoperating Cash Receipts/(Disbursements)	24,578	(140,424)
Net Income/(Loss)	120,400	48,020
Fund Cash Balances, January 1	534,327	486,307
Fund Cash Balances, December 31	\$ 654,727	\$ 534,327

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

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**TRIMBLE TOWNSHIP WASTE WATER TREATMENT DISTRICT
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Trimble Township Waste Water Treatment District, Athens County (the District), is a regional sewer district organized under Ohio Revised Code Chapter 6119, by the Athens County Common Pleas Court on October 3, 1986. The District operates under the direction of an eight member Board of Trustees whose membership is composed of two appointments from each of the participating subdivisions. The membership elects a President, Vice-President, and a Secretary-Treasurer, who are responsible for fiscal control of the financial resources of the District.

The District was established to provide a modern, efficient and effective wastewater treatment system to promote the general health and safety of the citizens of the District and to make economic development in the area more feasible. The District services all or parts of the following political subdivisions:

- Village of Trimble
- Village of Jacksonville
- Village of Glouster
- Trimble Township

The District's management believes the financial statement presents all activities for which the District is financially accountable.

B. Basis of Accounting

This financial statement follows 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

This statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Deposits and Investments

The investment in STAROhio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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 type:

Enterprise Funds

These funds 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 had the following Enterprise Funds:

**TRIMBLE TOWNSHIP WASTE WATER TREATMENT DISTRICT
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Enterprise Funds (Continued)

Sewer Revenue Fund – This fund receives charges for services from residents to cover the cost of providing this utility.

Loan Fund – This fund receives charges for services that accumulate for the payment of principal and interest on the District's debt.

Reserve Fund – This fund receives charges for services that accumulate for the future payment of principal and interest on the District's debt, in the event of default.

Tap Fee Fund – This fund receives tap fees from new users of the system.

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

3. Encumbrances

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

A summary of 2002 and 2001 budgetary activity appears in Note 2.

F. 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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under District's basis of accounting.

**TRIMBLE TOWNSHIP WASTE WATER TREATMENT DISTRICT
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2002 AND 2001
(Continued)**

POOLED CASH AND INVESTMENTS

The District maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

Demand Deposits	\$ 60,358	\$ 64,094
Total Deposits	<u>60,358</u>	<u>64,094</u>
 STAROhio	 594,369	 470,233
Total Investments	<u>594,369</u>	<u>470,233</u>
Total Deposits and Investments	<u>\$ 654,727</u>	<u>\$ 534,327</u>

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

Investments: Investments in STAROhio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2002 and 2001 follows:

Budgeted vs. Actual Receipts		
Fund Type	2002	2001
Budgeted Receipts	\$ 673,513	\$ 502,123
Actual Receipts	671,800	501,327
Variance	<u>\$ (1,713)</u>	<u>\$ (796)</u>
Budgeted vs. Actual Budgetary Basis Expenditures		
Fund Type	2002	2001
Appropriation Authority	\$ 624,038	\$ 480,288
Budgetary Expenditures	551,400	453,307
Variance	<u>\$ 72,638</u>	<u>\$ 26,981</u>

4. DEBT

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
Wastewater Treatment System Revenue Bonds - Series 1993	\$ 2,291,000	5.00%
Wastewater Treatment System Revenue Bonds - Series 1995	369,000	4.50%
Wastewater Treatment System Revenue Bonds - Series 1998	192,000	4.50%
Total	<u>\$ 2,852,000</u>	

**TRIMBLE TOWNSHIP WASTE WATER TREATMENT DISTRICT
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2002 AND 2001
(Continued)**

4. DEBT (Continued)

The outstanding bonds had been issued for 40 years. Principal and interest payments are due each year on September 1 for the Series 1993 and Series 1995 bonds. Principal and interest payments are due each year on December 1 for the Series 1998 bonds. Proceeds from the bonds were used for sewer construction. Property and revenue of the District have been pledged to repay the debt.

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

Year Ending December 31:	Series 1993 Revenue Bonds	Series 1995 Revenue Bonds	Series 1998 Revenue Bonds	Total
2003	\$ 146,550	\$ 21,605	\$ 10,640	\$ 178,795
2004	146,950	21,380	10,550	178,880
2005	147,250	21,155	10,460	178,865
2006	147,450	21,930	11,370	180,750
2007	146,550	21,660	11,235	179,445
Subsequent	3,820,400	608,130	337,230	4,765,760
Total	<u>\$ 4,555,150</u>	<u>\$ 715,860</u>	<u>\$ 391,485</u>	<u>\$ 5,662,495</u>

5. RETIREMENT SYSTEM

The District's officials and 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 2002 and 2001, members of PERS 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 employer contributions required through December 31, 2002.

6. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Public Entities Pool of Ohio ("PEP"), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**TRIMBLE TOWNSHIP WASTE WATER TREATMENT DISTRICT
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2002 AND 2001
(Continued)**

6. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$10,000 on any specific loss with an annual aggregate of \$700,000 for 2001 and \$1,250,000 for 2002. The Travelers Indemnity Company reinsures losses exceeding \$10,000 if the annual aggregate is reached and all specific losses exceeding \$100,000. APEEP's Operating Fund and Guarantee Fund pay for losses and loss adjustment expenses should they exceed operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

<u>Casualty Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$ 20,174,977	\$ 19,358,458
Liabilities	<u>(8,550,749)</u>	<u>(8,827,588)</u>
Retained Earnings	<u>\$ 11,624,228</u>	<u>\$ 10,530,870</u>
 <u>Property Coverage</u>	 <u>2001</u>	 <u>2000</u>
Assets	\$ 2,565,408	\$ 1,890,323
Liabilities	<u>(655,318)</u>	<u>(469,100)</u>
Retained Earnings	<u>\$ 1,910,090</u>	<u>\$ 1,421,223</u>

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**Auditor of State
Betty Montgomery**

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

Trimble Township Waste Water Treatment District
Athens County
18551 Jacksonville Road
P.O. Box 278
Jacksonville, Ohio 45740

To the Board of Trustees:

We have audited the accompanying financial statement of the Trimble Township Waste Water Treatment District, Athens County, Ohio (the District), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 4, 2003. 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 financial statement is 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 instance of noncompliance that is 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 June 4, 2003.

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.

Trimble Township Waste Water Treatment District
Athens County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

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Betty Montgomery
Auditor of State

June 4, 2003



**Auditor of State
Betty Montgomery**

88 East Broad Street
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Columbus, Ohio 43216-1140
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800-282-0370
Facsimile 614-466-4490

TRIMBLE TOWNSHIP WASTE WATER TREATMENT DISTRICT

ATHENS 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
AUGUST 5, 2003**