



OHIO AUDITOR OF STATE
KEITH FABER



**ABC WATER AND STORM WATER DISTRICT
MAHONING COUNTY
DECEMBER 31, 2019**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - FYE 12/31/19	3
Notes to the Financial Statements FYE 12/31/19	5
Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - FYE 12/31/18	7
Notes to the Financial Statements FYE 12/31/18.....	9
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



Conference Center, Suite 154
6000 Frank Ave. NW
North Canton, OH 44720
EastRegion@ohioauditor.gov
(800) 443-9272

INDEPENDENT AUDITOR'S REPORT

ABC Water and Storm Water District
Mahoning County
8299 Market Street
Boardman, Ohio 44512

To the Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements, and related notes of the ABC Water and Storm Water District (the District) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District, as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the District, as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 5 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2021, 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 grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

November 10, 2021

ABC Water and Stormwater District
Mahoning County
Combined Statement of Receipts, Disbursements
And Changes in Fund Balances (Regulatory Cash Basis)
For the Year Ended December 31, 2019

<hr/> <hr/>	
Operating Cash Disbursements	
Personal Services and Fringe Benefits	\$34,159
Other Contractual Services	209,123
Office Supplies and Materials	109,297
Miscellaneous	1,076
	<hr/>
<i>Total Operating Cash Disbursements</i>	<i>353,655</i>
	<hr/>
<i>Operating Income/(Loss)</i>	<i>(353,655)</i>
	<hr/>
Non-Operating Cash Receipts	
Special Assessments	1,359,394
Other Non-Operating Revenues	30,594
	<hr/>
<i>Total Non-Operating Cash Receipts</i>	<i>1,389,988</i>
	<hr/>
Non-Operating Cash Disbursements	
Capital Outlay	83,591
	<hr/>
<i>Total Non-Operating Cash Disbursements</i>	<i>83,591</i>
	<hr/>
<i>Net Receipts Over/(Under) Disbursements</i>	<i>952,742</i>
	<hr/>
Cash Balances, January 1	5,714
	<hr/>
<i>Cash Balances, December 31</i>	<i>\$958,456</i>
	<hr/> <hr/>

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

This page intentionally left blank.

ABC Water and Sewer Water District
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

ABC Water and Storm Water District is a regional independent political subdivision of the State of Ohio established under the Ohio Revised Code Chapter 6119 to provide water, and storm water services to users of the District. It acts as a public utility company and currently services Austintown, Boardman and Canfield Townships. The District was formed in 2009 as a Council of Governments and has a three member Board who is appointed by each community's Board of Trustees.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board of Trustees recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

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 District must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2019 budgetary activity appears in Note 3.

Deposits and Investments

The District's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

ABC Water and Sewer Water District
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$1,380,282	\$1,389,988	\$9,706

2019 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$857,166	\$680,551	\$176,615

Note 4 – Deposits and Investments

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

	2019
Demand deposits	\$958,456
Total deposits and investments	\$958,456

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

ABC Water and Stormwater District
Mahoning County
Combined Statement of Receipts, Disbursements
And Changes in Fund Balances (Regulatory Cash Basis)
For the Year Ended December 31, 2018

<hr/> <hr/>	
Operating Cash Receipts	
Charges for Services	\$65,534
	<hr/>
<i>Total Operating Cash Receipts</i>	<i>65,534</i>
	<hr/>
Operating Cash Disbursements	
Personal Services and Fringe Benefits	2,883
Other Contractual Services	58,373
Miscellaneous	1,797
	<hr/>
<i>Total Operating Cash Disbursements</i>	<i>63,053</i>
	<hr/>
<i>Operating Income/(Loss)</i>	<i>2,481</i>
	<hr/>
<i>Net Receipts Over/(Under) Disbursements</i>	<i>2,481</i>
	<hr/>
Cash Balances, January 1	3,233
	<hr/>
<i>Cash Balances, December 31</i>	<i>\$5,714</i>
	<hr/> <hr/>

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

This page intentionally left blank.

ABC Water and Sewer Water District
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

ABC Water and Storm Water District is a regional independent political subdivision of the State of Ohio established under the Ohio Revised Code Chapter 6119 to provide water, and storm water services to users of the District. It acts as a public utility company and currently services Austintown, Boardman and Canfield Townships. The District was formed in 2009 as a Council of Governments and has a three member Board who is appointed by each community's Board of Trustees.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board of Trustees recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

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 District must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2018 budgetary activity appears in Note 3.

Deposits and Investments

The District's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

ABC Water and Sewer Water District
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2018 follows:

2018 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$65,534	\$65,534	\$0

2018 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$64,225	\$63,053	\$1,172

Note 4 – Deposits and Investments

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

	2018
Demand deposits	\$5,714
Total deposits and investments	\$5,714

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 5 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.



Conference Center, Suite 154
6000 Frank Ave. NW
North Canton, OH 44720
EastRegion@ohioauditor.gov
(800) 443-9272

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

ABC Water and Storm Water District
Mahoning County
8299 Market Street
Boardman, Ohio 44512

To the Members of the Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States’ *Government Auditing Standards* the financial statements of the ABC Water and Storm Water District, Mahoning County, Ohio (the District), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated November 10, 2021, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District’s internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District’s financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Government's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

District's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the District's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

November 10, 2021

**ABC WATER AND STORM WATER DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Financial Reporting

FINDING NUMBER 2019-001

MATERIAL WEAKNESS

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16

2019

- The District did not include all of the required information in the budgetary footnote in the notes to the financial statements for 2019. The table showing budgeted receipts vs actual receipts and budgeted expenditures vs actual expenditures was not presented. The notes have been adjusted to include this information.
- The Combined Statement of Receipts, Disbursements and Changes in Fund Balance filed in the Hinkle System for December 31, 2019 showed a beginning cash balance of \$1,287 in the General Fund and \$0 in the Operating Fund. The beginning fund balance for the District should be \$5,714. The Fiscal Officer adjusted beginning cash balance (1/1/2019) during the year by \$4,442 stating it was money owed to Boardman Township. There is no approval in the minutes noted for this adjustment. (With this adjustment the ending cash balance on the Hinkle filing was \$958,456 which reconciled to the UAN Bank Reconciliation Report and the Fund Balance Report amounts.)
- The Hinkle Filing for 2019 reflected a General Fund balance of \$1,287. All of the District's activity should be shown in the Enterprise Fund.
- The District did not include the following expenditures in the report filed through the Hinkle System for 2019; \$379 personal services, \$725 fringe benefits, \$15,791 contractual services, and misclassified \$25,000 of contractual services as principal retirement. They also failed to include \$11,825 in Other Financing Sources in the report filed in the Hinkle System.

	Original Amount	Adjustment	Corrected Amount
Operating Cash Disbursements			
Personal Services/Fringe Benefits	\$33,698	\$461	\$34,159
Contractual Services	168,332	40,791	209,123
Non-Operating Disbursements			
Principal Retirement	25,000	(25,000)	0
Non-Operating Receipts			
Other Financing Sources	18,769	11,825	30,621

2018

- The District did not include all of the required information in the budgetary footnote in the notes to the financial statements for 2018. The table showing budgeted receipts vs actual receipts and budgeted expenditures vs actual expenditures was not presented. The notes have been adjusted to include this information.
- The Combined Statement of Receipts, Disbursements and Changes in Fund Balance filed in the Hinkle System for December 31, 2018 showed a beginning cash balance of \$7,213. The amount per the UAN Fund Balance Report and prior year work papers was \$3,233, differing by \$3,980. The ending cash balance on the Hinkle filing for 2018 was \$9,694 while the UAN balance was \$5,714, also a variance of \$3,980. This is a bank over book variance of the same amount.
- In 2018 the following all expenses were classified as personal services, but should have been classified in the following line items:

	Original Amount	Adjustment	Corrected Amount
Operating Cash Disbursements			
Personal Services/Fringe Benefits	\$63,053	\$(60,170)	\$2,883
Contractual Services	0	58,373	58,373
Other Expenses	0	1,797	1,797

The Financial Statements reflect all of the above adjustments.

To ensure compliance with the annual financial report filing requirements, entities should plan sufficient time and engage any necessary assistance to prepare their annual financial report. The District should also use the available templates for financial statements and notes to the financial statements on the Auditor of State’s website to prepare an accurate annual financial report.

Official’s Response:

ABC is now on the UAN system and we are confident these issues will be improved in the future.

OHIO AUDITOR OF STATE KEITH FABER



ABC WATER AND STORM WATER DISTRICT

MAHONING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 12/7/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov