



**NIMISHILLEN WATER AND SEWER DISTRICT  
STARK COUNTY**

**REGULAR AUDIT**

**FOR THE TWENTY-FIVE DAYS ENDED JANUARY 25, 2001 AND  
FOR THE YEARS ENDED DECEMBER 31, 2000 - 1997**



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

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**STATE OF OHIO**



**NIMISHILLEN WATER AND SEWER DISTRICT  
STARK COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Nimishillen Water and Sewer District  
Stark County  
110 Central Plaza South, Suite 220  
Canton, OH 44702

To the County Commissioners:

We have audited the accompanying financial statements of the Nimishillen Water and Sewer District, Stark County, Ohio, (the District) as of and for the twenty-five days ended January 25, 2001, and as of and for the years ended December 31, 2000, 1999, 1998 and 1997. 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 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 audits 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 audits provide a reasonable basis for our opinion.

As discussed in Note 1, the District prepared 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 combined fund cash balances of the District as of January 25, 2001 and December 31, 2000, 1999, 1998 and 1997, and its combined cash receipts and disbursements for the twenty-five days and 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 December 21, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of the County Commissioners, management, 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

December 21, 2001

**NIMISHILLEN WATER AND SEWER DISTRICT  
STARK COUNTY**

**COMBINED STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL ENTERPRISE FUNDS  
FOR THE TWENTY-FIVE DAYS ENDED JANUARY 25, 2001 AND  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<b>2001</b>	<b>2000</b>
<b>Operating Cash Receipts:</b>		
Charges for Services	\$9,333	\$144,260
Special Assessments	0	75,677
Miscellaneous		357
	<u>9,333</u>	<u>220,294</u>
<b>Total Operating Cash Receipts</b>		
<b>Operating Cash Disbursements:</b>		
Personal Services	0	1,184
Legal Services	1,206	5,465
Utilities	0	31,999
Machinery/Equipment	0	72,386
Reimbursements	0	123,223
Other	366	3,531
	<u>1,572</u>	<u>237,788</u>
<b>Total Operating Cash Disbursements</b>		
Operating Income/(Loss)	<u>7,761</u>	<u>(17,494)</u>
<b>Non-Operating Cash Disbursements:</b>		
Debt Service	<u>0</u>	<u>532,237</u>
Excess of Receipts Over/(Under) Disbursements	7,761	(549,731)
Fund Cash Balances, Beginning of Year	<u>158,477</u>	<u>708,208</u>
<b>Fund Cash Balances, January 25 and December 31</b>	<b><u>\$166,238</u></b>	<b><u>\$158,477</u></b>

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

**NIMISHILLEN WATER AND SEWER DISTRICT  
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL ENTERPRISE AND AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>Enterprise</b>	<b>Agency</b>
<b>Operating Cash Receipts:</b>		
Charges for Services	\$154,903	\$0
Special Assessments	468,916	0
Interest	5,025	0
Miscellaneous	132	0
	<u>628,976</u>	<u>0</u>
Total Operating Cash Receipts		
<b>Operating Cash Disbursements:</b>		
Personal Services	16,055	0
Legal Services	15,926	0
Accounting Services	3,015	0
Engineering Services	11,772	0
Contractor Services	430	3,500
Utilities	9,395	0
Other	16,940	0
	<u>73,533</u>	<u>3,500</u>
Total Operating Cash Disbursements		
Operating Income/(Loss)	<u>555,443</u>	<u>(3,500)</u>
<b>Non-Operating Cash Receipts:</b>		
Proceeds from OWDA Loans	15,324	0
<b>Non-Operating Cash Disbursements:</b>		
Debt Service:		
Principal	22,529	0
Interest	72,466	0
	<u>94,995</u>	<u>0</u>
Total Non-Operating Cash Disbursements		
Excess of Receipts Over/(Under) Disbursements	475,772	(3,500)
Fund Cash Balances, Beginning of Year	<u>232,436</u>	<u>3,500</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$708,208</u></b>	<b><u>\$0</u></b>

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



**NIMISHILLEN WATER AND SEWER DISTRICT  
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL ENTERPRISE AND AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<b>Enterprise</b>	<b>Agency</b>
<b>Operating Cash Receipts:</b>		
Charges for Services	\$102,923	\$0
Special Assessments	275,730	0
Interest	1,156	0
Miscellaneous	1,813	0
	<u>381,622</u>	<u>0</u>
<b>Operating Cash Disbursements:</b>		
Personal Services	36,968	0
Legal Services	50,331	0
Accounting Services	35,999	0
Engineering Services	128,662	0
Contractor Services	1,778,573	1,000
Utilities	27,432	0
Other	21,241	0
	<u>2,079,206</u>	<u>1,000</u>
Operating Income/(Loss)	<u>(1,697,584)</u>	<u>(1,000)</u>
<b>Non-Operating Cash Receipts:</b>		
Proceeds from OWDA Loans	1,968,200	0
<b>Non-Operating Cash Disbursements:</b>		
Debt Service:		
Principal	18,594	0
Interest	73,395	0
	<u>91,989</u>	<u>0</u>
Excess of Receipts Over/(Under) Disbursements	178,627	(1,000)
Fund Cash Balances, Beginning of Year	<u>53,809</u>	<u>4,500</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$232,436</u></b>	<b><u>\$3,500</u></b>

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

**NIMISHILLEN WATER AND SEWER DISTRICT  
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL ENTERPRISE AND AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 1997**

	<b>Enterprise</b>	<b>Agency</b>
<b>Operating Cash Receipts:</b>		
Charges for Services	\$86,927	\$0
Special Assessments	60,270	0
Interest	7,279	0
Miscellaneous	1,447	0
	<u>155,923</u>	<u>0</u>
<b>Operating Cash Disbursements:</b>		
Personal Services	30,946	0
Legal Services	71,228	0
Accounting Services	23,997	0
Engineering Services	338,331	0
Contractor Services	39,415	500
Utilities	15,898	0
Other	60,443	0
	<u>580,258</u>	<u>500</u>
Operating Income/(Loss)	<u>(424,335)</u>	<u>(500)</u>
<b>Non-Operating Cash Receipts:</b>		
Proceeds from OWDA Loans	825,651	0
<b>Non-Operating Cash Disbursements:</b>		
Debt Service:		
Principal	357,089	0
Interest	280,760	0
	<u>637,849</u>	<u>0</u>
Excess of Receipts Over/(Under) Disbursements	<u>(236,533)</u>	<u>(500)</u>
Fund Cash Balances, Beginning of Year	<u>290,342</u>	<u>5,000</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$53,809</u></b>	<b><u>\$4,500</u></b>

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

**NIMISHILLEN WATER AND SEWER DISTRICT  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JANUARY 25, 2001 AND DECEMBER 31, 2000, 1999, 1998 AND 1997**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Nimishillen Water and Sewer District, Stark County, (the District) was 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 was directed by a five-member Board of Trustees, appointed by the Trustees of Nimishillen Township from the beginning of the period until April 1999. The District provided water and sewer services to residents of the District.

The District and Stark County (the County) mutually determined that it would be in the best interests of the residents of the District if the County assumed ownership of the District. As a result, on April 14, 1999, the District entered into an "Acquisition and Interim Sanitary Sewerage System Operating Agreement" with the County until the County could assume ownership. The District was dissolved as of December 29, 2000 by court order; however, the County did not take title until the Deed of Conveyance was executed on January 26, 2001.

The County's management believes these financial statements present all activities for which the County is now 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**

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

Investments are included in the fund cash balances 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. Fund Accounting**

The District used fund accounting to segregate cash and investments that were restricted as to use. The District classified its funds into the Enterprise and Fiduciary Fund Types.

**NIMISHILLEN WATER AND SEWER DISTRICT  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JANUARY 25, 2001 AND DECEMBER 31, 2000, 1999, 1998 AND 1997  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**1. 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 significant Enterprise Funds:

Phase II Sewer Planning Loan Fund - was used to account for Ohio Water Development Authority (OWDA) loan receipts and payment of costs associated with the planning phase for construction of the District's Phase II sewer project.

Phase II Sewer Construction Loan Fund - was used to account for OWDA loan receipts for the construction of the District's Phase II sanitary sewer system facilities.

Sewer Fund - This fund received charges for services from residents to cover the cost of providing this utility.

The County established the following funds to account for all District receipts when assuming operations of the District during April of 1999:

Nimishillen Water and Sewer District Revenue Fund - received charges from residents to cover the cost of providing this utility.

Nimishillen Water and Sewer District Special Assessment Fund - received special assessment receipts used to pay principal and interest on OWDA loans.

**2. Fiduciary Funds ( Agency Funds)**

Funds for which the District was acting in an agency capacity were classified as agency funds. The District had the following Agency Fund:

Contractor Bond Fund - The District required every contractor doing business in the District to provide a performance bond to ensure proper completion of sewer line connections. This fund was used to account for the bonds until the contractor no longer did business with the District. Bond monies were reimbursed to the contractors, and the fund was eliminated during fiscal year 1999.

**E. Budgetary Process**

The District did not adopt an operating budget. Recent Ohio Attorney General Opinion No. 99-020 has clarified that the budget process described in Chapter 5705, Revised Code, applied to the District, regardless of whether the District levied property taxes.

After dissolution of the District, the County assumed the responsibility of the budgetary process.

**NIMISHILLEN WATER AND SEWER DISTRICT  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JANUARY 25, 2001 AND DECEMBER 31, 2000, 1999, 1998 AND 1997  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment were recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

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

The District maintained a cash and investments pool used by all funds. The carrying amount of cash and investments at January 25, 2001 and December 31, 2000, 1999, 1998 and 1997 was as follows:

	<u>Demand Deposits</u>	<u>STAR Ohio</u>	<u>Total</u>
<b>2001</b>	\$166,238	\$0	\$166,238
<b>2000</b>	158,477	0	158,477
<b>1999</b>	708,208	0	708,208
<b>1998</b>	192,690	43,246	235,936
<b>1997</b>	56,599	1,710	58,309

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

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

**3. NONCOMPLIANCE**

As reflected in Note 1 E, the District did not adopt an operating budget or adhere to the budgetary process described in Chapter 5705 Ohio Rev. Code.

**4. DEBT**

Debt outstanding at January 25, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Loan	\$4,774,137	5.27%

**NIMISHILLEN WATER AND SEWER DISTRICT  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JANUARY 25, 2001 AND DECEMBER 31, 2000, 1999, 1998 AND 1997  
(Continued)**

**4. DEBT (Continued)**

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

Year ending December 31:	OWDA Loan
2001	\$169,903
2002	339,807
2003	339,807
2004	339,807
2005	339,807
Subsequent	6,626,231
Total	\$8,155,362

The District entered into several cooperative agreements with the Ohio Water Development Authority (OWDA) for construction, maintenance and operation of a state sewer project. Subsequently, the County and OWDA entered into a cooperative agreement on January 1, 2000 to consolidate all the District's OWDA loans and transfer the total debt obligation to the County. The OWDA loans will be paid from user fees assessed the former District residents.

**5. RETIREMENT SYSTEMS**

The District's full-time employee and trustees belonged 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 January through March of 1999 and calendar years 1998 and 1997, PERS members 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 contributions required through March 31, 1999. On April 14, 1999, the County assumed operations of the District, including the responsibility for paying any retirement liability.

**6. RISK MANAGEMENT**

The District obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

**7. SUBSEQUENT EVENTS**

The District was dissolved as of December 29, 2000 by court order. The Deed of Conveyance was signed on January 26, 2001 at which time the title, all capital assets and liabilities, and cash assets in the amount of \$166,238 were transferred to the County.



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

Nimishillen Water and Sewer District  
Stark County  
110 Central Plaza South, Suite 220  
Canton, OH 44702

To the County Commissioners:

We have audited the accompanying financial statements of Nimishillen Water and Sewer District, Stark County, Ohio, (the District ) as of and for the twenty-five days ended January 25, 2001, and as of and for the years ended December 31, 2000, 1999, 1998 and 1997, and have issued our report thereon dated December 21, 2001. 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.

**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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2001-41276-001.

**Internal Control Over Financial Reporting**

In planning and performing our audits, 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.

Nimishillen Water and Sewer District  
Stark County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
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This report is intended solely for the information and use of the County Commissioners, management, 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

December 21, 2001



**NIMISHILLEN WATER AND SEWER DISTRICT  
STARK COUNTY**

**SCHEDULE OF FINDINGS  
JANUARY 25, 2001 AND DECEMBER 31, 2000, 1999, 1998 AND 1997**

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

**FINDING NUMBER 2001-41276-001**

**Noncompliance Citation**

Ohio Attorney General, 1999 Op. Att'y Gen. No. 99-020 concluded that regional water and sewer districts are taxing units pursuant to Ohio Rev. Code Section 5705.01(H) for the purpose of complying with the provisions set forth in Ohio Rev. Code Chapter 5705.

The District did not adopt an operating budget for fiscal year 2000 or follow the applicable budgetary requirements of Ohio Rev. Code Chapter 5705.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**NIMISHILLEN WATER AND SEWER DISTRICT**

**STARK 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  
JANUARY 31, 2002**