



**DILLONVALE-MT. PLEASANT WASTEWATER SEWER DISTRICT  
JEFFERSON COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-1998**



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

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**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

Dillonvale-Mt. Pleasant Wastewater Sewer District  
Jefferson County  
P.O. Box 686  
Rhodes Street Extension  
Dillonvale, Ohio 43917

To the Board of Trustees:

We have audited the accompanying financial statements of Dillonvale-Mt. Pleasant Wastewater Sewer District, Jefferson County, Ohio, (the District) as of and for the years ended December 31, 1999 and December 31, 1998. 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 combined fund cash balances of the District as of December 31, 1999 and December 31, 1998, 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 13, 2000 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 audit committee, 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

June 13, 2000



**DILLONVALE-MT. PLEASANT WASTEWATER SEWER DISTRICT  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN FUND CASH BALANCES - ENTERPRISE FUNDS  
 FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

	<b>1999</b>	<b>1998</b>
<b>Operating Cash Receipts:</b>		
Charges for Services	\$184,041	\$187,199
Miscellaneous	2,420	1,405
	<u>186,461</u>	<u>188,604</u>
<b>Operating Cash Disbursements:</b>		
Personal Services	82,983	75,677
Utilities	14,871	15,599
Repairs and Maintenance	7,494	592
Office Supplies and Materials	2,705	3,365
Insurance	12,210	7,343
Capital Outlay	33,088	32,270
	<u>153,351</u>	<u>134,846</u>
Total Operating Cash Disbursements	<u>153,351</u>	<u>134,846</u>
Operating Income	<u>33,110</u>	<u>53,758</u>
<b>Non-Operating Cash Receipts:</b>		
Local Taxes	20,670	24,126
Intergovernmental Revenues	17,388	38,858
Other Non-Operating Revenues	20,479	20,147
	<u>58,537</u>	<u>83,131</u>
Total Non-Operating Cash Receipts	<u>58,537</u>	<u>83,131</u>
<b>Non-Operating Cash Disbursements:</b>		
Debt Service	110,796	110,796
Other Non-Operating Cash Disbursements	42	295
	<u>110,838</u>	<u>111,091</u>
Total Non-Operating Cash Disbursements	<u>110,838</u>	<u>111,091</u>
Net Receipts Over/(Under) Disbursements	<u>(19,191)</u>	<u>25,798</u>
Cash Balances, January 1	<u>367,483</u>	<u>341,685</u>
<b>Cash Balances, December 31</b>	<b><u>\$348,292</u></b>	<b><u>\$367,483</u></b>

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

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**DILLONVALE-MT. PLEASANT WASTEWATER SEWER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Dillonvale-Mt. Pleasant Wastewater Sewer District, Jefferson 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 three-member Board of Trustees. One Board member is appointed from each political subdivision within the District. Those subdivisions are, the Village of Dillonvale, Village of Mount Pleasant, Smithfield Township, and Mount Pleasant Township. The District provides sewer 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. 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 Enterprise Fund Type.

Enterprise 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:

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

*Federal Emergency Management Agency Fund* - This fund received grant funds used to replace and repair equipment damaged during sever storms.

*Equipment Replacement Fund* - This fund is used to account for funds set aside specifically to replace district equipment.

**DILLONVALE-MT. PLEASANT WASTEWATER SEWER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

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

**E. Budgetary Process**

The District's Board of Trustees currently do 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, applies to the District, regardless of whether the District levies property taxes.

The District must henceforth adopt annual appropriations, limited by estimated resources. Expenditures will be limited by appropriations.

**F. 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.

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused 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 Certificates of deposit, notes, bonds, or other obligations of the United States, or any agency or instrumentality thereof, or in obligations of the State or any political subdivision thereof.

The District maintains a cash and investments pool used by all funds. The carrying amount of cash and investments at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$78,892	\$116,083
Certificates of deposit	<u>194,000</u>	<u>176,000</u>
Total deposits	272,892	292,083
 Corporate bond	 <u>75,400</u>	 <u>75,400</u>
Total deposits and investments	<u><u>\$348,292</u></u>	<u><u>\$367,483</u></u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**Investments:** Corporate bonds are held in book-entry form by an investment firm in the name of the District. The investment firm maintains records identifying the District as owner of these securities.

**DILLONVALE-MT. PLEASANT WASTEWATER SEWER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**3. DEBT**

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$608,187	12%
Total	\$608,187	

The Ohio Water Development Authority Loan was used to help finance the construction of a wastewater sewer plant.

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

Year ending December 31:	Water Revenue Bonds
2000	\$110,796
2001	110,796
2002	110,796
2003	110,796
2004	110,796
Subsequent	498,583
Total	\$1,052,563

**4. 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 1999 and 1998, 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 December 31, 1999.

**5. RISK MANAGEMENT**

The District has obtained commercial insurance for the following risks:

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

The District also provides health insurance coverage to full-time employees through a private carrier.

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

Dillonvale-Mt. Pleasant Wastewater Sewer District  
Jefferson County  
P.O. Box 686  
Rhodes Street Extension  
Dillonvale, Ohio 43917

To the Board of Trustees:

We have audited the accompanying financial statements of Dillonvale-Mt. Pleasant Wastewater Sewer District, Jefferson County, Ohio (the District ), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated June 13, 2000. 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item # 1999-31241-001. We also noted a certain immaterial instance of noncompliance that we have reported to management of District in a separate letter dated June 13, 2000.

### 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, which we have reported to the management of the District in a separate letter dated June 13, 2000.

Dillonvale-Mount Pleasant Wastewater Sewer District  
Jefferson 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 the audit committee, management, the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

June 13, 2000

**DILLONVALE-MT. PLEASANT WASTEWATER SEWER DISTRICT  
SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 1999-31241-001**

Per Board Resolution 95-2, the District's personnel policy states that upon leaving service an employee is entitled to be compensated for 1/4 of their sick/personal leave balance. The former District Clerk left service in July 1999. She was subsequently compensated for 100% of her sick/personal leave balance. As a result, she was overcompensated by two thousand nine hundred eighty five dollars and fifty cents (\$2,985.50).

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a finding for recovery is hereby issued against the Cheryl Torok, in the total amount of two thousand nine hundred eighty five dollars and fifty cents (\$2,985.50) and in favor of Dillonvale-Mt. Pleasant Wastewater Sewer District general operating fund.





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**DILLONVALE-MT. PLEASANT WASTEWATER SEWER DISTRICT**

**JEFFERSON 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 3, 2000**