



Mary Taylor, CPA
Auditor of State

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

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Mary Taylor, CPA

Auditor of State

Dillonvale Mt. Pleasant Wastewater Sewer District
Jefferson County
P.O. Box 686
19 Township Road 1197
Dillonvale, Ohio 43917

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Mary Taylor, CPA
Auditor of State

July 17, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Dillonvale Mt. Pleasant Wastewater Sewer District
Jefferson County
P.O. Box 686
19 Township Road 1197
Dillonvale, Ohio 43917

To the Board of Trustees:

We have audited the accompanying financial statements of the Dillonvale Mt. Pleasant Wastewater Sewer District, Jefferson County, (the District) as of and for the years ended December 31, 2007 and 2006. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Authorities to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2007 and December 31, 2006, or its changes in financial position or cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Dillonvale Mt. Pleasant Wastewater Sewer District, Jefferson County, as of December 31, 2007 and 2006, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2008 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 17, 2008

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | <u>Federal Emergency Management Agency</u> |
|---|--|
| Cash Receipts: | |
| Intergovernmental | <u>\$43,605</u> |
| Total Cash Receipts | <u>43,605</u> |
| Cash Disbursements: | |
| Current: | |
| Public Works | <u>55,286</u> |
| Total Cash Disbursements | <u>55,286</u> |
| Total Receipts Over/(Under) Disbursements | <u>(11,681)</u> |
| Fund Cash Balances, January 1 | <u>11,681</u> |
| Fund Cash Balances, December 31 | <u><u>\$0</u></u> |

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

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES
ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | General Operating |
|--|------------------------------|
| Operating Cash Receipts: | |
| Charges for Services | \$211,254 |
| Miscellaneous | 1,560 |
| | 212,814 |
| Operating Cash Disbursements: | |
| Personal Services | 114,114 |
| Utilities | 17,449 |
| Repairs and Maintenance | 59,884 |
| Testing and Licenses | 1,564 |
| Other Contractual Services | 701 |
| Chemicals and Operating Supplies | 5,087 |
| Office Supplies and Materials | 4,486 |
| Insurance | 11,830 |
| | 215,115 |
| Total Operating Cash Disbursements | 215,115 |
| Operating Income/(Loss) | (2,301) |
| Non-Operating Cash Receipts: | |
| Local Taxes | |
| Intergovernmental Revenues | 27,465 |
| Miscellaneous | 16,475 |
| | 43,940 |
| Total Non-Operating Cash Receipts | 43,940 |
| Non-Operating Cash Disbursements: | |
| Debt Service | 99,462 |
| Other Non-Operating Cash Disbursements | 400 |
| | 99,862 |
| Total Non-Operating Cash Disbursements | 99,862 |
| Net Receipts Over/(Under) Disbursements | (58,223) |
| Cash Balances, January 1 | 252,791 |
| Cash Balances, December 31 | \$194,568 |

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

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

| | <u>Federal Emergency Management Agency</u> |
|---|--|
| Cash Receipts: | |
| Intergovernmental | \$36,736 |
| Total Cash Receipts | <u>36,736</u> |
| Cash Disbursements: | |
| Current: | |
| Public Works | 25,055 |
| Total Cash Disbursements | <u>25,055</u> |
| Total Receipts Over/(Under) Disbursements | <u>11,681</u> |
| Fund Cash Balances, January 1 | <u>0</u> |
| Fund Cash Balances, December 31 | <u><u>\$11,681</u></u> |

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

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES
ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

| | General Operating |
|--|------------------------------|
| Operating Cash Receipts: | |
| Charges for Services | \$206,794 |
| Miscellaneous | 1,405 |
| | 208,199 |
| Operating Cash Disbursements: | |
| Personal Services | 106,935 |
| Utilities | 16,602 |
| Repairs and Maintenance | 23,288 |
| Testing and Licenses | 1,295 |
| Other Contractual Services | 3,854 |
| Chemicals and Operating Supplies | 5,102 |
| Office Supplies and Materials | 4,664 |
| Insurance | 11,110 |
| | 172,850 |
| Total Operating Cash Disbursements | 172,850 |
| Operating Income/(Loss) | 35,349 |
| Non-Operating Cash Receipts: | |
| Intergovernmental Revenues | 29,269 |
| Miscellaneous | 11,984 |
| | 41,253 |
| Total Non-Operating Cash Receipts | 41,253 |
| Non-Operating Cash Disbursements: | |
| Debt Service | 95,730 |
| Other Non-Operating Cash Disbursements | 664 |
| | 96,394 |
| Total Non-Operating Cash Disbursements | 96,394 |
| Net Receipts Over/(Under) Disbursements | (19,792) |
| Cash Balances, January 1 | 272,583 |
| Cash Balances, December 31 | \$252,791 |

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

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges for the Dillonvale Mt. Pleasant Wastewater Sewer District, Jefferson County, (the District) as a body corporate and politic. Each political subdivision within the District appoints one member to the Board of Trustees to direct the District. There are five Board members. Subdivisions within the District are the Village of Dillonvale, the Village of Mount Pleasant, Mount Pleasant Township, Smithfield Township and Warren Township. The District provides sewer services to residents of the District.

The District participates in the Public Entities Pool of Ohio (PEP) public entity risk pool. Note 6 to the financial statements provides additional information for this entity. This organization is:

Public Entities Pool of Ohio (PEP) – This is a risk sharing pool available to public entities of Ohio. PEP pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles.

The District's management believes these financial statements present all activities for which the District is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash 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.

The District values certificates of deposit at cost.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use.

Special Revenue Fund

This fund accounts for proceeds from specific sources (other than from trust or for capital projects) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Fund:

FEMA Fund - This fund received grant money for the repair of flood damages within the District.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Enterprise Fund

This fund accounts for operations that are similar to private business enterprises where management intends that the significant cost of providing certain goods or services will be recovered through user charges. The District has the following significant Enterprise Fund:

General Operating Fund – This fund receives charges for services from residents to cover the cost of providing sewage services.

E. Budgetary Process

The Ohio Revised Code requires the Board to budget 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. Appropriation Authority includes current year appropriations plus encumbrances carried over from the prior year (if any). The Board 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 carried over, and need not be reappropriated. The District did not encumber all commitments required by Ohio law.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The District may invest in certificates of deposit.

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

| | 2007 | 2006 |
|-------------------------|-----------|-----------|
| Demand deposits | \$119,568 | \$264,472 |
| Certificates of deposit | 75,000 | |
| Total deposits | 194,568 | \$264,472 |

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the District;

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2007 and December 31, 2006 follows:

| 2007 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| Special Revenue | \$0 | \$43,605 | \$43,605 |
| Enterprise | 247,350 | 256,754 | 9,404 |
| Total | \$247,350 | \$300,359 | \$53,009 |

| 2007 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| Special Revenue | \$0 | \$55,286 | (\$55,286) |
| Enterprise | 309,650 | 314,977 | (\$5,327) |
| Total | \$309,650 | \$370,263 | (\$60,613) |

| 2006 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| Special Revenue | \$101,000 | \$36,736 | (\$64,264) |
| Enterprise | 237,005 | 249,452 | 12,447 |
| Total | \$338,005 | \$286,188 | (\$51,817) |

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

3. BUDGETARY ACTIVITY - (Continued)

| Fund Type | 2006 Budgeted vs. Actual Budgetary Basis Expenditures | | |
|-----------------|---|---------------------------|----------|
| | Appropriation Authority | Budgetary Expenditures | Variance |
| Special Revenue | \$101,000 | \$25,055 | \$75,945 |
| Enterprise | 267,020 | 269,244 | (2,224) |
| Total | \$368,020 | \$294,299 | \$73,721 |

Contrary to Ohio Revised Code Section 5705.41(B), budgetary expenditures exceeded appropriations by \$55,286 in the FEMA Fund for the year ended December 31, 2007.

4. DEBT

Debt outstanding at December 31, 2007 was as follows:

| | Principal | Interest Rate |
|---------------------------------------|-----------|---------------|
| Ohio Water Development Authority Loan | \$98,925 | 7.00% |

The Ohio Water Development Authority Loan was used to help finance the construction of a wastewater sewer plan. The loan is collateralized solely by the future revenues from the District's sewer operations.

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

| Year ending December 31: | OWDA Loan |
|--------------------------|-----------|
| 2008 | \$103,642 |
| 2009 | 52,925 |
| Total | \$156,567 |

5. RETIREMENT SYSTEMS

The District's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the Plan's retirement benefits, including postretirement healthcare and survivor and disability benefits to participants.

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9.5 and 9%, respectively, of their gross salaries and the District contributed an amount equaling 13.85 and 13.7%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2007.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

6. RISK MANAGEMENT

Risk Pool Membership

The Government is exposed to various risks of property and casualty losses, and injuries to employees.

The Government insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Government belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage 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

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year.

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006) as noted above.

Property Coverage

Beginning in 2005, APEEP established a risk-sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

6. RISK POOL MANAGEMENT - (Continued)

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, 2007 and 2006.

| | <u>2007</u> | <u>2006</u> |
|-------------|---------------------|---------------------|
| Assets | \$37,560,071 | \$36,123,194 |
| Liabilities | <u>(17,340,825)</u> | <u>(16,738,904)</u> |
| Net Assets | <u>\$20,219,246</u> | <u>\$19,384,290</u> |

At December 31, 2007 and 2006, respectively, the liabilities above include approximately \$15.9 million and \$15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Government's share of these unpaid claims collectible in future years is approximately \$10,566. This payable includes the subsequent year's contribution due if the Government terminates participation, as described in the last paragraph below.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

| <u>Contributions to PEP</u> | |
|------------------------------------|---------|
| 2005 | \$8,921 |
| 2006 | \$9,011 |
| 2007 | \$9,188 |

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Dillonvale Mt. Pleasant Wastewater Sewer District
Jefferson County
P.O. Box 686
19 Township Road 1197
Dillonvale, Ohio 43917

To the District Board of Trustees:

We have audited the financial statements of the Dillonvale Mt. Pleasant Wastewater Sewer District, Jefferson County, (the District) as of and for the years ended December 31, 2007 and December 31, 2006, and have issued our report thereon dated July 17, 2008, wherein we noted the District prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the District's management in a separate letter dated July 17, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the District'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 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 an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards*. It is noted in the following schedule of findings as item 2007-001.

We did note certain noncompliance or other matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated July 17, 2008.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the management and District Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

July 17, 2008

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-001

Material Noncompliance

Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

In fiscal year 2007, expenditures exceeded appropriations in the Federal Emergency Management Agency Fund by \$58,286 or 100% of expenditures.

The District Clerk should not certify the availability of funds and should deny payment requests exceeding appropriations. The Clerk may request the Board to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary

Officials Response:

The District anticipated receiving all FEMA monies by December, 31, 2006. Because of this, the clerk failed to amend appropriations for 2007 to include FEMA funds received during 2007.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|---------------------------|----------------------------|-----------------------------|--|
| 2005-001 | ORC Section 5705.41(D) | No | Partially corrected; re-issued in current year management letter. |



Mary Taylor, CPA
Auditor of State

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
SEPTEMBER 9, 2008**