

***NORTH HILLS WATER DISTRICT
SUMMIT COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA

Auditor of State

Board of Trustees
North Hills Water District
253 West Aurora Road
Northfield, Ohio 44067

We have reviewed the *Report of Independent Accountants* of the North Hills Water District, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The North Hills Water District is responsible for compliance with these laws and regulations.

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

Mary Taylor, CPA
Auditor of State

July 20, 2009

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**NORTH HILLS WATER DISTRICT
SUMMIT COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2008 & 2007**

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REPORT OF INDEPENDENT ACCOUNTANTS

North Hills Water District
Summit County
253 West Aurora Road
Northfield, Ohio 44067

The Board of Trustees:

We have audited the accompanying financial statements of the North Hills Water District, Summit County, Ohio (the District) as of and for the years ended December 31, 2008 and 2007, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 described more fully in Note 1, the District has presented 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.

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2008 and 2007. Instead of the combined funds the accompanying financial statements presented for 2008 and 2007, the revision requires presenting entity wide statements and also to present larger (i.e. major) funds separately for 2008 and 2007. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to reformat its statements. Since this District does not use GAAP to measure financial statement amounts, 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, 2008 and 2007 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, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the North Hills Water District, Summit County, as of December 31, 2008 and 2007, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the years ended December 31, 2008 and 2007. 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 June 12, 2009, 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 do not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal controls 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.

Charles E. Harris & Associates, Inc.

June 12, 2009

**NORTH HILLS WATER DISTRICT
SUMMIT COUNTY, OHIO
Combined Statement of Receipts, Disbursements and Changes In
Fund Cash Balances - All Governmental Fund Types
For the Year Ended December 31, 2008**

	<u>Governmental Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Debt Service</u>	
<u>Cash Receipts:</u>			
Taxes	\$ 199,392	\$ -	\$ 199,392
Intergovernmental	28,276	-	28,276
Charges for Services	229	-	229
Earnings on Investments	10,282	-	10,282
Miscellaneous	178	-	178
Total Cash Receipts	238,357	-	238,357
<u>Cash Disbursements:</u>			
Salaries and Benefits	38,670	-	38,670
Repairs and Supplies	51,162	-	51,162
Legal Counsel	750	-	750
Contract Services	17,087	-	17,087
Insurance and Bonds	4,496	-	4,496
County Auditor Deductions	2,738	-	2,738
Utilities	795	-	795
Other Expenses	5,591	-	5,591
Legal Advertising	11	-	11
Debt - Principal	10,190	-	10,190
Total Disbursements	131,490	-	131,490
<i>Excess of Revenues Over (Under) Disbursements</i>	106,867	-	106,867
Beginning Balance January 1, 2008	552,371	12,877	565,248
Ending Balance December 31, 2008	\$ 659,238	\$ 12,877	\$ 672,115

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

NORTH HILLS WATER DISTRICT
SUMMIT COUNTY, OHIO
Combined Statement of Receipts, Disbursements and Changes In
Fund Cash Balances - All Governmental Fund Types
For the Year Ended December 31, 2007

	<u>Governmental Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Debt Service</u>	
<u>Cash Receipts:</u>			
Taxes	\$ 130,105	\$ -	\$ 130,105
Intergovernmental	7,336	-	7,336
Charges for Services	400	-	400
Developer Fees/Deposits	19,888	-	19,888
Earnings on Investments	19,820	-	19,820
Miscellaneous	348	-	348
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	177,897	-	177,897
<u>Cash Disbursements:</u>			
Salaries and Benefits	44,587	-	44,587
Legal Counsel	1,140	-	1,140
Repairs and Supplies	89,410	-	89,410
Contract Services	48,960	-	48,960
Insurance and Bonds	4,732	-	4,732
Utilities	890	-	890
Other Expenses	7,153	-	7,153
County Auditor Deduction	1,598	-	1,598
Legal Advertising	213	-	213
Reimbursement of Deposits	12,453	-	12,453
Debt - Principal	20,379	-	20,379
	<hr/>	<hr/>	<hr/>
Total Disbursements	231,515	-	231,515
Excess of Revenues Over (Under) Disbursements	(53,618)	-	(53,618)
Beginning Balance January 1, 2007	605,989	12,877	618,866
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Ending Balance December 31, 2007	\$ 552,371	\$ 12,877	\$ 565,248
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The notes to the financial statements are an integral part of this statement.

**NORTH HILLS WATER DISTRICT
SUMMIT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2008 & 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The North Hills Water District, Summit County, (the District) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a seven-member Board of Trustees appointed by Northfield Center and Sagamore Hills Townships. The District provides construction of water lines and major repair and servicing of hydrants within the Townships.

The District's management believes these financial statements included in this report represent all of the funds of the District over which the District has the ability to exercise direct operating control.

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 disbursement basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved.)

The statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. INVESTMENTS AND INACTIVE FUNDS

Investment procedures are restricted by the provisions of the Ohio Revised Code. Purchased investments are valued at purchase cost. Interest earned is recognized and recorded when received. See Note 2 for further description.

D. FUND ACCOUNTING

The District maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

General Fund: The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Debt Service Fund: The Debt Service Fund is used for the payment of principal and interest on the District's general obligation debt. The fund is currently inactive. The remaining balance will be transferred to the General Fund when the District obtains permission from the Summit County Court of Common Pleas.

**NORTH HILLS WATER DISTRICT
SUMMIT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2008 & 2007**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – (continued)

E. **BUDGETARY PROCESS**

1. **Budget**

A budget of estimated cash receipts and disbursements is prepared by the Finance Director, approved by the Board of Trustees, and submitted to the county auditor, as secretary of the County Budget Commission, by July 15 of each year, for the period January 1 to December 31 of the following year.

2. **Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

3. **Appropriations**

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

The legal level of budgetary control is at the object level in all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Trustees.

4. **Encumbrances**

The District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year without being re-appropriated

F. **PROPERTY, PLANT AND EQUIPMENT**

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

G. **TOTAL COLUMNS ON FINANCIAL STATEMENTS**

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to consolidation.

**NORTH HILLS WATER DISTRICT
SUMMIT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2008 & 2007**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The District maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments.

The carrying amounts of the District's cash and investments at December 31, 2008 and 2007 were as follows:

	2008	2007	
Demand Deposits	\$ 272,115	\$ 165,248	
Certificates of Deposit	400,000	400,000	
Total	\$ 672,115	\$ 565,248	

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Finance Officer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$ <u>232,229</u>	\$ <u>238,357</u>	\$ <u>6,128</u>

2008 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Total Appropriations	Actual Disbursements	Variance
General Fund	\$ <u>295,000</u>	\$ <u>131,490</u>	\$ <u>163,510</u>

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$ <u>158,138</u>	\$ <u>177,897</u>	\$ <u>19,759</u>

2007 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Total Appropriations	Actual Disbursements	Variance
General Fund	\$ <u>719,626</u>	\$ <u>231,515</u>	\$ <u>488,111</u>

**NORTH HILLS WATER DISTRICT
SUMMIT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2008 & 2007**

4. PROPERTY TAXES

Real property taxes are levied on assessed values which equal 35 percent of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2008.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amounts of these homestead and rollback reductions is reimbursed to the District by the State of Ohio and are reflected in the accompanying financial statements as Intergovernmental Receipts.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost.

The County Treasurer collects property tax on behalf of all taxing districts within the county. The County Auditor periodically remits to the taxing districts their portions of the taxes collected.

5. RISK MANAGEMENT

The District is exposed to various risks of loss related torts, theft of, damage to, destruction of assets, errors and omissions, injuries to employees and natural disasters. During both fiscal years, the District obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Public Official's liability
- Employer's liability

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

6. CONTINGENT LIABILITIES

Management believes there are no pending claims or lawsuits.

7. LEGAL COMPLIANCE

Contrary to Ohio Revised Code Section 5705.41(D)(1) the District did not issue purchase orders nor did the Treasurer certify any order or contract involving the expenditure of money, therefore, they did not encumber.

**NORTH HILLS WATER DISTRICT
SUMMIT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2008 & 2007**

8. LONG-TERM DEBT

North Hills Water District received an interest free loan from the Ohio Public Works Commission (OPWC) during the prior audit. The debt activity during the years ending December 31, 2008 and 2007 is as follows:

<u>Debt</u>	<u>Beginning Balance 1/1/07</u>	<u>Principal Payments</u>	<u>Balance Outstanding 12/31/08</u>
Carlin, Rehwinkle, Forsyth Water Main	<u>\$ 397,398</u>	<u>\$ 30,569</u>	<u>\$ 366,829</u>

The final amortization schedule as of December 31, 2008 is as follows:

<u>Years</u>	<u>Principal</u>
2009	\$ 30,569
2010	20,380
2011	20,379
2012	20,380
2013	20,379
2014 - 2018	101,898
2019 - 2023	101,898
2024 - 2026	50,946
Total	<u>\$ 366,829</u>

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

North Hills Water District
Summit County
253 West Aurora Road
Northfield, Ohio 44067

The Board of Trustees:

We have audited the financial statements of the North Hills Water District, Summit County, Ohio (the District) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 12, 2009, wherein we noted the District prepared its financial statements using accounting practices the Auditor of State prescribed 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls 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 auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as described below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of 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 accounting practices the Auditor of State prescribes such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting. The significant deficiency is described as item 2008-001.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

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 deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above to be a material weakness.

Compliance and Other Matters

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, grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2008-001.

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 also noted other matters that we have reported to management of the District in a separate letter dated June 12, 2009.

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

Charles E. Harris and Associates, Inc.

June 12, 2009

NORTH HILLS WATER DISTRICT
SUMMIT COUNTY, OHIO
For the Years Ended December 31, 2008 & 2007

SCHEDULE OF FINDINGS

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-001

NONCOMPLIANCE CITATION AND MATERIAL WEAKNESS

Ohio Revised Code Section 5705.41 (D), requires in part, that no subdivision or taxing unit shall make any contract or order any expenditure unless there is attached thereto a certificate of the fiscal officer of the subdivision certifying that the amount required to meet the obligation has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement state above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" Certificate** – If the fiscal officer can certify that both at the time the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the District can authorize the drawing of a warrant for the payment of the amount due. The District has thirty days from the receipt of the "then and now" certificate to approve payment by resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution upon completion of the "then and now" certificate provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditure by the District.

2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The District may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line items appropriation.

The District did not certify all expenditures. Purchase orders with the Fiscal Officer's certificate were only prepared for some line items. The purchase orders issued were not encumbered. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**NORTH HILLS WATER DISTRICT
SUMMIT COUNTY, OHIO
For the Years Ended December 31, 2008 & 2007**

SCHEDULE OF FINDINGS – (continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-001- (continued)

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the District's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to obligation by the District. When prior certification is not possible, "then and now" certification should be used.

We recommend the District certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the District incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation. When the District uses a "then and now" certification the purchase order should be so noted.

Management Response:

Management will certify the availability of funds prior to the purchases.

**NORTH HILLS WATER DISTRICT
SUMMIT COUNTY, OHIO
For the Years Ended December 31, 2008 & 2007**

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
06/05-NHills-001	Ohio Rev. Code Section 5705.41(D)(1), failure to certify/appropriate the amount required for the order or contract.	No	Repeated as 2008-001
06/05-NHills-002	Ohio Adm. Code Section 117-2-02, failure to maintain an adequate accounting system and accounting records.	No	Partially corrected. A management recommendation is issued for this matter.



Mary Taylor, CPA
Auditor of State

NORTH HILLS WATER DISTRICT

SUMMIT 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
JULY 30, 2009**