

**TRIMBLE TOWNSHIP WASTE WATER TREATMENT DISTRICT
ATHENS COUNTY
Regular Audit
For the Years ended December 31, 2010 and 2009**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Trimble Township Waste Water Treatment District
18551 Jacksonville Road
P.O. Box 278
Jacksonville, Ohio 45740

We have reviewed the *Independent Accountants' Report* of the Trimble Township Waste Water Treatment District, Athens County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2009 through December 31, 2010. 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 *Independent Accountants' Report* 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 *Independent Accountants' Report* 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 Trimble Township Waste Water Treatment District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

May 5, 2011

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**Trimble Township Waste Water Treatment District
Athens County**

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INDEPENDENT ACCOUNTANTS' REPORT

April 11, 2011

Board of Trustees
Trimble Township Waste Water Treatment District
18551 Jacksonville Road
P.O. Box 278
Jacksonville, Ohio 45740

To the Board of Trustees:

We have audited the accompanying financial statements of **Trimble Township Waste Water District**, Athens County, Ohio, (the District) as of and for the years ended December 31, 2010 and 2009. 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the District's larger (i.e. major) funds separately. 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 Districts 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, 2010 and 2009 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, 2010 and 2009 or its changes in financial position and 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 Trimble Township Waste Water District, Athens County, as of December 31, 2010 and 2009, 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 April 11, 2011 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.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C

**TRIMBLE TOWNSHIP WASTE WATER TREATMENT DISTRICT
ATHENS COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	2010	2009
Operating Cash Receipts:		
Charges for Services	\$ 492,161	\$ 501,505
Miscellaneous Receipts	83,711	879
Total Operating Cash Receipts	575,872	502,384
Operating Cash Disbursements:		
Personal Services	164,698	204,019
Utilities	47,873	41,564
Transportation	6,931	6,740
Other Contractual Services	54,081	60,268
Supplies and Materials	24,591	14,629
Capital Outlay	3,990	31,157
Miscellaneous	1,579	2,948
Total Operating Cash Disbursements	303,743	361,325
Operating Income/(Loss)	272,129	141,059
Non-Operating Cash Receipts:		
Loan Proceeds	11,490	-
Interest Receipts	958	1,374
Total Non-Operating Cash Receipts	12,448	1,374
Non-Operating Cash Disbursements:		
Debt Service	180,628	179,682
Other Non-Operating Cash Disbursements	427	400
Total Non-Operating Cash Disbursements	181,055	180,082
Net Receipts Over/(Under) Disbursements	103,522	(37,649)
Fund Cash Balances, January 1	264,698	302,347
Fund Cash Balances, December 31	\$ 368,220	\$ 264,698

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

Trimble Township Waste Water Treatment District
Athens County
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Trimble Township Waste Water Treatment District, Athens County, Ohio (the District), is a regional sewer district organized under Ohio Revised Code Chapter 6119, by the Athens County Common Pleas Court on October 3, 1986. The District operates under the direction of an eight member Board of Trustees whose membership is composed of two appointments from each of the participating subdivisions. The membership elects a President, Vice-President and a Secretary-Treasurer, who are responsible for fiscal control of the financial resources of the District.

The District was established to provide a modern, efficient, and effective wastewater treatment system to promote the general health and safety of the citizens of the District and to make economic development in the area more feasible. The District services all or parts of the following political subdivisions:

- Village of Trimble
- Village of Jacksonville
- Village of Glouster
- Trimble Township

The District's management believes the 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. Budgetary presentations report budgetary expenditures when commitment is made (i.e., when an encumbrance is approved).

Change in Accounting Basis

Last audit period the District implemented the cash basis of accounting. The fund financial statements presented each major fund in a separate column with non-major funds aggregated and presented in a single column, rather than a column for each fund type. This audit period the District has elected to report fund financial statements by fund type using the regulatory basis of accounting as prescribed by the Auditor of State's office.

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

C. Deposits and Investments

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

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

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 following type:

Trimble Township Waste Water Treatment District
Athens County
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

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 major Enterprise Funds:

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

Loan Fund – This fund receives charges for services that accumulate for the payment of principal and interest on the District's debt.

Reserve Fund – This fund receives charges from services that accumulate for the future payment of principal and interest on the District's debt, in the event of default.

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 and 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 cancelled, and reappropriated in the subsequent year.

A summary of 2009 and 2010 budgetary activity appears in Note 3.

E. 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.

F. 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.

Trimble Township Waste Water Treatment District
Athens County
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009
(Continued)

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The District may invest in certificates of deposits, 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 carrying amount of deposits and investments at December 31 was as follows:

	2010	2009
Demand deposits	\$ 115,860	\$ 85,935
Certificates of deposit	13,284	13,009
STAROhio	239,076	165,754
Total deposits and investments	\$ 368,220	\$ 264,698

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

Investments in STAROhio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$551,288	\$588,320	\$37,032

2010 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$551,288	\$484,798	\$66,490

2009 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$551,288	\$503,758	(\$47,530)

2009 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$554,188	\$541,407	\$12,781

Trimble Township Waste Water Treatment District
Athens County
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009
(Continued)

4. DEBT

Debt outstanding at December 31, 2010 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Series 1993 Revenue Bonds - USDA	\$ 1,982,000	5.0%
Series 1995 Revenue Bonds - USDA	322,000	4.5%
Series 1998 Revenue Bonds - USDA	171,000	4.5%
OWDA Loan	10,897	1.5%
Total	<u>\$ 2,485,897</u>	

The outstanding bonds were issued for 40 years. Principal and interest payments are due each year on September 1 for the Series 1993 and Series 1995 bonds. Principal and interest payments are due each year on December 1 for the Series 1998 bonds. Proceeds from the bonds were used for sewer construction. Property and revenue of the District have been pledged to repay the debt.

The mortgage revenue bond covenant requires the District to establish and fund a debt service reserve fund, included as a debt service fund. The balance in the fund at December 31, 2010 is \$187,536.

The District obtained a loan from the Ohio Water Development Authority in 2009 for a maximum of \$24,050 for the purposes of planning an upgrade project. The District drew \$11,490 of this loan during 2010 and paid a principal payment of \$593 in 2010. The terms of the loan are semiannual payments for five years at a 4.68% rate.

Subsequently, the District entered into another loan agreement with the Ohio Water Development Authority for purposes of the sewer project upgrade. The terms of this agreement are not readily available at the date of this report.

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

Year Ending December 31	Series 1993 Revenue Bonds	Series 1995 Revenue Bonds	Series 1998 Revenue Bonds	OWDA Loan #5163	Total
2011	\$ 147,100	\$ 21,490	\$ 10,695	\$ 2,469	\$ 181,754
2012	146,700	22,175	10,560	2,469	181,904
2013	147,200	21,815	10,425	2,469	181,909
2014	146,550	21,455	11,290	2,469	181,764
2015	146,800	22,095	11,110	2,469	182,474
2016-2020	734,450	108,265	54,805	-	897,520
2021-2025	735,250	108,160	54,405	-	897,815
2026-2030	735,150	109,085	53,790	-	898,025
2031-2035	440,650	108,275	54,555	-	603,480
2036-2038	-	-	32,700	-	32,700
Total	<u>\$ 3,379,850</u>	<u>\$ 542,815</u>	<u>\$ 304,335</u>	<u>\$ 12,345</u>	<u>\$ 4,239,345</u>

Trimble Township Waste Water Treatment District
Athens County
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009
(Continued)

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 2010 and 2009, OPERS members contributed 10%, of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2010.

6. RISK MANAGEMENT

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

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

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local Districts. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member Districts pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2009, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective District.

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, 2009 and 2008 (the latest information available):

	<u>2009</u>	<u>2008</u>
Assets	\$36,374,898	\$35,769,535
Liabilities	<u>(15,256,862)</u>	<u>(15,310,206)</u>
Net Assets	<u>\$21,118,036</u>	<u>\$20,459,329</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$14.1 million and \$13.7 million of estimated incurred claims payable. The assets above also include approximately \$13.7 million and \$12.9 million of unpaid claims to be billed to approximately 447 member Districts in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the District's share of these unpaid claims collectible in future years is approximately \$10,030.

Trimble Township Waste Water Treatment District
Athens County
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009
(Continued)

6. RISK MANAGEMENT (CONTINUED)

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>	
<u>2009</u>	<u>2008</u>
\$10,617	\$11,743

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to PEP. 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.

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

April 11, 2011

Trimble Township Waste Water Treatment District
18551 Jacksonville Road
P.O. Box 278
Jacksonville, Ohio 45740

To the Board of Trustees:

We have audited the financial statements of the **Trimble District Waste Water Treatment District, Athens County**, (the District) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated April 11, 2011, wherein we noted the District followed accounting practices the Auditor of State prescribes 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and another deficiency we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2010-01 and 2010-03 described in the accompanying schedule of findings to be material weaknesses.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2010-04 described in the accompanying schedule of findings to be a significant deficiency.

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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-01 and 2009-02.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

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

Respectfully Submitted,

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

Perry and Associates
Certified Public Accountants, A.C.

Trimble Township Waste Water Treatment District
Athens County

SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009

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

FINDING NUMBER 2010-001

Noncompliance Citation / Material Weakness

Incomplete Records

Ohio Rev. Code §149.351(A) establishes guidelines against the destruction or damage of records. All records are the property of the public office and shall not be mutilated, transferred or otherwise damaged or disposed of, in whole or in part, except as provided by law. The completed voucher packages should be the basis for the preparation of checks. The package should include the voucher signed by the appropriate officials to document their approval, the original invoice approved by the receiving employee or official to document the receipt of the goods or services and the accuracy of the quantity and price, and a copy of the requisition or purchase order to document the Fiscal Officer's prior certification that sufficient appropriations and resources were available to meet the obligation. In addition, computer files should be backed up and maintained in order to prevent the loss of accounting records.

During our voucher testing, we determined that 14% (9 of 64) of tested expenditures in 2009 did not have adequate voucher documentation. It was determined through alternative testing procedures that eight of the 2009 expenditures were unallowable and were not for a proper public purpose. The lack of adequate supporting documentation resulted in loss of District funds.

We recommend that all expenditures be supported by complete voucher packages, including the voucher signed by the appropriate officials to document their approval, the original invoice with the description of the service or good purchased approved by the receiving employee or official to document the receipt of goods or services and the accuracy of the quantity and price, a copy of the requisition or purchase order to document the Fiscal Officer's prior certification, to help insure that all District expenditures are for goods or services received, properly approved, and for a proper public purpose.

Management's Response – In hindsight, some of the activities which occurred during the tenure of former Board President Mr. Tim Carr, now seem to “fit together”. For example, apparently he started receiving all the mail, and in fact instructed the Office Manager, Debbie Metcalf, to not pick the mail up. You may not have had the opportunity to review all of the supporting documentation and receipts which Mr. Carr submitted, including copies of credit card statements etc., for which he was either paid or reimbursed by TTWWTD. Literally boxes full of that information, were assembled, copied, organized, etc., for the Insurance Adjustor. As you know, TTWWTD received a very significant recovery from its insurer, for the greatest part (if not all) of the Theft in Office which apparently occurred. And as you know, all credit cards have been canceled, except the gas credit card.

FINDING NUMBER 2010-002

Noncompliance Citation

Asset Inventory

Ohio Administrative Code Sections 117-2-02(D) and (E) require capital asset records including such information as the original cost, acquisition date, voucher number, the asset type (land, building, vehicle, etc.), asset description, location and tag number be maintained. Failure to generate and maintain such a listing resulted in assets being purchased by a Board Member with the District credit card and kept for personal use and/or gain.

Prior to the end of the audit period, the District prepared a capital asset listing and put into place policies and procedures to update the listing at least annually.

**Trimble Township Waste Water Treatment District
Athens County**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
Continued**

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

FINDING NUMBER 2010-002 (Continued)

Management's Response – TTWWTD has undertaken certain internal controls to keep the inventories of its property updated, and for the Board members to independently (as well as collectively) individually review bills and vouchers which are submitted for payment, and similar such measures.

FINDING NUMBER 2010-003

Material Weakness

Management Monitoring for Internal Control

The Board of Trustees did not have in place effective internal control processes in order to determine disbursements were for proper public purpose and to reduce the risk of the possibility of fraud. During 2009, the Board of Trustees approved payment of bills included in which were credit card payments that included personal purchases by one individual. Failure to review the detail of the credit card purchases resulted in unauthorized purchases during the audit period.

We determined that the Board has closed all credit card accounts with the exception of the gas card and has established a policy for gas card use. We recommend the Board require store receipts with the person's name and truck written on them, these receipts should be reconciled to the monthly statement and the reconciliation be approved by the Board each month.

Management's Response - TTWWTD has undertaken certain internal controls to keep the inventories of its property updated, and for the Board members to independently (as well as collectively) individually review bills and vouchers which are submitted for payment, and similar such measures.

FINDING NUMBER 2010-004

Significant Deficiency

Financial Statement Preparation and Monitoring

Monitoring controls are procedures and supervisory activities performed by management to help ensure that management's objectives are being achieved, including the objective of assuring accurate and reliable financial reports for external reporting purposes. Effective monitoring controls should enable management to identify misclassifications, errors, and omissions in financial reports.

The District uses a manual accounting system that includes various schedules. The Fiscal Officer is the sole person responsible for preparing these records. There were immaterial mispostings and misclassifications in the accounting records that required corrections and reclassifications. These occurred during the transferring of amounts from the cash journal to financial statement format. The accompanying financial statements reflect all reclassifications.

**Trimble Township Waste Water Treatment District
Athens County**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
Continued**

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

FINDING NUMBER 2010-004 (Continued)

To help ensure accuracy and reliability in the financial reporting process, we recommend that the District consider purchasing an automated system or at least implement a control by designating an individual to assist with verifying that all amounts in the cash journal are properly recorded on the financial statements. Also, the Board should perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenditures are properly identified and classified on the financial statements.

Management's Response – TTWWTD is in the process of obtaining "Fund Accounting" software, to be used by the District's Treasurer, as you have suggested.

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Dave Yost • Auditor of State

TRIMBLE TOWNSHIP WASTE WATER TREATMENT DISTRICT

ATHENS 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
MAY 17, 2011**