

**SYRACUSE-RACINE REGIONAL SEWER DISTRICT
MEIGS COUNTY
Regular Audit
For the Years Ended December 31, 2008 and 2007**

Perry & Associates
Certified Public Accountants, A.C.



Mary Taylor, CPA

Auditor of State

Board of Trustees
Syracuse Racine Regional Sewer District
P.O. Box 201
Racine, Ohio 45771

We have reviewed the *Independent Accountants' Report* of the Syracuse Racine Regional Sewer District, Meigs County, prepared by Perry & Associates, Certified Public Accountants, A.C., 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 *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 Syracuse Racine Regional Sewer 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

October 8, 2009

This Page is Intentionally Left Blank.

**SYRACUSE-RACINE REGIONAL SEWER DISTRICT
MEIGS COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balances - Proprietary Fund Type - For the Years Ended December 31, 2008 and 2007	3
Notes to the Financial Statements	4
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	9
Schedule of Audit Findings and Responses.....	11

Perry & Associates
Certified Public Accountants, A.C.

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056

INDEPENDENT ACCOUNTANTS' REPORT

July 13, 2009

Board of Trustees
Syracuse-Racine Regional Sewer District
P.O. Box 201
Racine, OH 45771

To the Board of Trustees:

We have audited the accompanying financial statements of **Syracuse-Racine Regional Sewer District, Meigs County, Ohio**, (the District) as of and for the years ended December 31, 2008 and 2007. 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 the 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, 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 their 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 and reserve for encumbrances of Syracuse-Racine Regional Sewer District, Meigs 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 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 13, 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 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.

**SYRACUSE RACINE REGIONAL SEWER DISTRICT
MEIGS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH BALANCES-PROPRIETARY FUND TYPE
FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007**

	2008	2007
Operating Receipts:		
Charges for Services	\$ 337,576	\$ 289,504
Special Assessments	19,910	18,606
	357,486	308,110
Total Operating Receipts		
Operating Cash Disbursements:		
Labor and Benefits	121,777	113,160
Office and Utility Expense	43,756	37,164
Administrative	1,275	11,701
Treatment Plant	98,518	58,200
Capital Outlay	7,500	4,496
	272,826	224,721
Total Operating Cash Disbursements		
Operating Income/(Loss)	84,660	83,389
Non-Operating Cash Receipts/(Disbursements):		
Interest Income	3,028	2,439
Principal Debt Payments	(50,685)	(47,963)
Interest Expense	(36,871)	(39,543)
Special Item	40,000	-
Miscellaneous	964	247
	(43,564)	(84,820)
Total Non-Operating Cash Receipts/(Disbursements)		
Net Cash Receipts Over/(Under) Cash Disbursements	41,096	(1,431)
Fund Cash Balances, January 1 (See Note 6)	106,558	107,989
Fund Cash Balances, December 31	\$ 147,654	\$ 106,558
Reserve for Encumbrances, December 31	\$ 247	\$ -

See notes to the financial statements

**SYRACUSE-RACINE REGIONAL SEWER DISTRICT
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Syracuse-Racine Regional Sewer District, Meigs County, Ohio (the District) is a sewer district organized under the provisions of Chapter 6119 of the Revised Code by the Common Pleas Court of Meigs County on September 22, 1978. The District is directed by an appointed three member Board of Trustees. One Board member is appointed by each political subdivision within the District. Those subdivisions are Sutton District, the Village of Syracuse, and the Village of Racine. The District provides sewer services to residents of the District.

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 cash disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report expenditures when a commitment is made (i.e., when an encumbrance is approved.) These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Deposits and Investments

Investments are reported assets and are valued at cost. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

The Authority uses fund accounting to segregate cash and investments that are restricted as to use. The Authority classifies its funds into the following types:

Proprietary Fund Type

Enterprise Fund

This fund accounts for operations that are similar to private business enterprises where management intends to recover the significant costs of providing certain goods or services through user charges.

**SYRACUSE-RACINE REGIONAL SEWER DISTRICT
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process

Under HB 262, effective for fiscal years ended December 31, 2000 and subsequent, sewer districts not levying property taxes must follow most of the Ohio Revised Code Chapter 5705 budget requirements, but need not seek approval of a county budget commission for any budgetary actions. These districts must:

HB 262 Requirements	Applicable ORC Sections
Estimated receipts and adopt an operating budget	5705.28(B)(2)(a)
Prepare certificate of estimated resources (but does not require budget commission approval)	5705.36
Must amend estimated resources under the circumstances described in OCS	5705.36
Appropriate at the minimum level of control prescribed by ORC 5705.38. No budget commission approval is required.	5705.38
Cannot appropriate more than estimated resources	5705.28(B)(2)(c)
Must amend appropriations if they intend to spend more than the original appropriation	5705.40
Cannot disburse or encumber more than appropriated	5705.41(B)
Must certify availability of funds	5705.41(D)
May issue blanket or super blanket purchase orders	5705.41(D)

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. The Board of Trustee's must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year-end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1.

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 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 in the accompanying financial statements.

**SYRACUSE-RACINE REGIONAL SEWER DISTRICT
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(continued)**

1. Summary of Significant Accounting Policies (Continued)

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the District.

2. Equity in Pooled Cash and Investments

The District maintains cash used by the General fund in a general checking account. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	2008	2007
Demand deposits	\$ 105,183	\$ 65,928
Certificates of deposit	42,471	40,630
Total Deposits	\$ 147,654	\$ 106,558

Deposits:

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

3. Budgetary Activity

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

Budgeted vs. Actual Receipts		
	2008	2007
Budgeted Receipts	\$ 348,500	\$ 332,000
Actual Receipts	401,478	310,796
Variance	\$ 52,978	\$ (21,204)

Budgeted vs. Actual Budgetary Basis Expenditures		
	2008	2007
Appropriation Authority	\$ 425,058	\$ 435,096
Budgetary Expenditures	360,382	312,227
Variance	\$ 64,676	\$ 122,869

Contrary to Ohio Rev. Code Section 5705.41(D), the District did not properly certify the availability of funds prior to purchase commitment for 74% of the expenditures tested during 2008.

**SYRACUSE-RACINE REGIONAL SEWER DISTRICT
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(continued)**

4. Retirement Systems

The District's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2008 and 2007, PERS members contributed 10% for 2008 and 9.5% for 2007 of their gross salaries. The District contributed an amount equal to 14% for 2008 and 13.85% for 2007 of participant's gross salaries. The District has paid all contributions required through December 31, 2008.

5. Risk Management

The District has obtained commercial insurance for the following risks:

- General liability and casualty
- Official's and Employee's Dishonesty Bonds
- Vehicles
- Property

6. Debt Obligations

The changes in the District's long-term liabilities during fiscal years 2008 and 2007 were as follows:

<u>Name</u>	<u>Description</u>	<u>Principal Outstanding 12/31/06</u>	<u>Add</u>	<u>Deduction</u>	<u>Principal Outstanding 12/31/07</u>	<u>Add</u>	<u>Deduction</u>	<u>Principal Outstanding 12/31/08</u>
Farmers Home Admin	1984 Bonds, due 2021, 5%	\$ 764,000	\$ -	\$ 39,000	\$ 725,000	\$ -	\$ 41,000	\$ 684,000
Home National Bank	2005 Note, due 2009, 5.5%	27,019	-	8,963	18,056	-	9,685	8,371
		\$ 791,019	\$ -	\$ 47,963	\$ 743,056	\$ -	\$ 50,685	\$ 692,371

**SYRACUSE-RACINE REGIONAL SEWER DISTRICT
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(continued)**

6. Debt Obligations (Continued)

The annual requirements to amortize all debt outstanding, including interest, as of December 31, 2008 are as follows:

Year Ending December 31	(FmHA) Bonds Payable	Commerical Note Payable	Total Required
2009	\$ 77,200	\$ 8,583	\$ 85,783
2010	77,050	-	77,050
2011	76,800	-	76,800
2012	76,450	-	76,450
2013	76,000	-	76,000
2014-2018	390,600	-	390,600
2019-2023	152,100	-	152,100
Totals	\$ 926,200	\$ 8,583	\$ 934,783

The outstanding FmHA Sewer Resource Bonds were originally issued for the various capital assets constructed to provide sewer service, including the operations plant and various storage facilities. The property and revenue of the District have been pledged to repay this debt. The Commercial Note was originally issued for the purchase of a 2006 Ford pickup truck used for maintenance of sewer plant operations.

7. Prior Restatement

For the year ended December 31, 2006 an adjustment resulted in a fund balance restatement. Restatement is due to prior period adjustment, due to error in posting.

Fund Balance at December 31, 2006	Prior Adjustment	Fund Balance at January 1, 2007
\$143,096	(\$35,107)	\$107,989

Perry & Associates
Certified Public Accountants, A.C.

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056

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

July 13, 2009

Syracuse-Racine Regional Sewer District
Meigs County
P.O. Box 201
Racine, OH 45771

To the Board of Trustees:

We have audited the financial statements of the **Syracuse-Racine Regional Sewer District, Meigs County, Ohio** (the District) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated July 13, 2009, 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 expressing our opinions 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.

Our consideration of the 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 considered significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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.

Internal Control over Financial Reporting (Continued)

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2008-001 through 2008-003.

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 the 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 the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the following significant deficiencies described above are material weaknesses: 2008-002 and 2008-003.

We also noted a certain internal control matter that we reported to the District's management in a separate letter dated July 13, 2009.

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 that we must report under *Government Auditing Standard*, which is described in the accompanying schedule of findings as item 2008-001.

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

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

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

**SYRACUSE-RACINE REGIONAL SEWER DISTRICT
MEIGS COUNTY**

**SCHEDULE OF AUDIT FINDING AND RESPONSES
DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008-001

Noncompliance Citation/Significant Deficiency

Ohio Revised Code § 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the clerk is attached thereto. The clerk must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a clerk'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 clerk can certify that both at the time that the contract or order was made ("then"), and at the time that the clerk 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 taxing authority (Board of Trustees) can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$1,000 (which was increased to \$3,000 on April 7, 2003) may be paid by the clerk without a resolution or ordinance 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 expenditures by the District.
2. Blanket Certificate – clerks may prepare "blanket" certificates not exceeding \$5,000 against any specific line item account over a period not exceeding three months or running beyond the current 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. Effective September 26, 2003, certificates may not exceed an amount established by resolution or ordinance of the legislative authority, and cannot extend beyond the end of the fiscal year. Blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.
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 clerk 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-item appropriation.

**SYRACUSE-RACINE REGIONAL SEWER DISTRICT
MEIGS COUNTY**

**SCHEDULE OF AUDIT FINDING AND RESPONSES
DECEMBER 31, 2008 AND 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
--

FINDING NUMBER 2008-001 (Continued)

Ohio Revised Code § 5705.41(D)(1) (Continued)

The District did not properly certify the availability of funds prior to purchase commitments in 2008.

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 clerk certify that the funds are or will be available prior to an obligation being incurred by the District. When prior certification is not possible, "then and now" certification should be used.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2008-002

Significant Deficiency/Material Weakness

Accounting for Expenditures

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 clerk did not accurately post all expenditures to the District's accounting ledgers. The following posting error was noted:

- All activity except for a new fund created in 2008 was booked to governmental fund types instead of enterprise fund types.
- Debt payments were posted to various other line items and non-debt disbursements were booked to interest payments.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management 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 – We did not receive a response from officials to this finding.

**SYRACUSE-RACINE REGIONAL SEWER DISTRICT
MEIGS COUNTY**

**SCHEDULE OF AUDIT FINDING AND RESPONSES
DECEMBER 31, 2008 AND 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
--

FINDING NUMBER 2008-003

Significant Deficiency/Material Weakness

Restatement of Previously Issued Financial Statements

SAS 112, paragraph 19 states, in part, the restatement of previously issued financial statements to reflect the correction of a material misstatement and/or identification by the auditor of a material misstatement in the financial statements are indicators of control deficiencies that should be regarded as at least a significant deficiency and are strong indicators of a material weakness.

The District incorrectly posted a close out and transfer of a bank account as a receipt in the accounting system and carried the item as a reconciling item on the bank reconciliation at December 31, 2006. This error was discovered by the District and subsequently corrected in 2007, thus restating 2007 beginning fund balance.

We recommend the District reconcile the end of the month bank balance to the District's end of the month cash balance per the accounting system. All reconciling items should be noted and any discrepancies investigated and corrected. Cash reconciliations should be presented on a monthly basis to the Board of Trustees for review and approval.

Management's Response – The District switched the accounting system over to UAN in 2007 and now reconciles on a monthly basis.



Mary Taylor, CPA
Auditor of State

SYRACUSE-RACINE REGIONAL SEWER DISTRICT

MEIGS 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
OCTOBER 19, 2009**