



Dave Yost • Auditor of State



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August 14, 2018

Richmond Dale Sewer District
Ross County
Richmond Dale, Ohio 45673

We have completed certain procedures in accordance with Ohio Rev. Code Section 117.01(G) to the accounting records and related documents of the Richmond Dale Sewer District (District), Ross County, (the District) for the years ended December 31, 2017 and 2016.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code Section 117.11(A). Because our procedures were not designed to opine on the District's financial statements, we did not follow *generally accepted auditing standards*. We do not provide any assurance on the District's financial statements, transactions or balances for the years ended December 31, 2017 and 2016.

The District's management is responsible for preparing and maintaining its accounting records and related documents. Our responsibility under Ohio Rev. Code Section 117.11(A) is to examine, analyze and inspect these records and documents.

Based on the results of our procedures, we found the following significant compliance or accounting issues to report.

Current Year Observations

1. The District should maintain an accounting system and accounting records sufficient to enable the Village to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

During 2017 and 2016 the District Board did not document review and approval of cash and non-cash adjustments to sewer bills. Also, the Board did not have a formal policy regarding billing adjustments.

Lack of billing adjustment oversight and policies 1) reduces the accountability over District funds, 2) reduces the Board's ability to monitor financial activity and make informed financial decisions, and 3) increases the risk that errors, theft or fraud could occur and not be detected in a timely manner.

We recommend the District's Board and management implement the following:

- Establish a formal policy and related procedures to address identification, authorization, recording and documentation of adjustments to utility customer accounts.
- The Board should review and approve all adjustments to be made to utility client accounts.
- The Board should document the reason and their approval of all adjustments to customer accounts.

2. District did not pay payroll tax withholding timely. Federal and State taxes for fiscal year 2017 were paid February 2, 2018; with federal taxes being due January 31, 2018 and State taxes due January 15, 2018. The District should make timely payments of withholding tax to prevent incurring late fees and interest.
3. We noted that the General Fund disbursements of \$77,569 exceeded appropriations by approximately \$2,602 for the year ended December 31, 2017. Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated. Budgetary expenditures enacted by the District may not exceed appropriations at the legal level of control for all funds. The District should amend their appropriations as necessary to ensure disbursements do not exceed appropriations.

Current Status of Matters Reported in our Prior Engagement

1. The prior report for the years ended December 31, 2015 and 2014 noted the following matters:
 - The District did not file an annual report with the Auditor of State within 60 days of the fiscal year end for 2015 and 2014. The District did not correct this matter during 2017 and 2018. Ohio Revised Code Section 117.38 states that cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end.
 - The District's accounting system did not allow for integration of budget information. Budgeted amounts of receipts and disbursements integrated into the District's accounting system would allow for meaningful comparisons between the budgeted and actual figures. If budgetary integration is not feasible, the District should document its manual monitoring of budgetary status on the reports. The District did not correct this matter during 2017 and 2016.
 - The District did not comply with Ohio Rev. Code § 5705.39 and 5705.41(B) during 2015. The District was found to be noncompliant with § 5705.41(B) during 2017, but compliant with § 5705.39.
 - General Fund appropriations of \$73,414 exceeded estimated resources by approximately \$3,470 for the year ended December 31, 2015. Ohio Rev. Code § 5705.39 limits appropriations to estimated resources. The District corrected this matter during 2017 and 2016.



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Auditor of State

Columbus, Ohio

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RICHMOND DALE SEWER DISTRICT

ROSS COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER, 4 2018**