

LEADING CREEK CONSERVANCY DISTRICT

MEIGS COUNTY, OHIO

AGREED-UPON PROCEDURES

For the Years Ended December 2018 and 2017





88 East Broad Street
Columbus, Ohio 43215
IPARreport@ohioauditor.gov
(800) 282-0370

Board of Directors
Leading Creek Conservancy District
34481 Corn Hollow Road
Rutland, Ohio 45775

We have reviewed the *Independent Accountant's Report on Applying Agreed-Upon Procedures* of the Leading Creek Conservancy District, Meigs County, prepared by Charles E. Harris & Associates, Inc., for the period January 1, 2017 through December 31, 2018. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code.

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 Leading Creek Conservancy District is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

August 9, 2019

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**LEADING CREEK CONSERVANCY DISTRICT
MEIGS COUNTY
Agreed-Upon Procedures
For the Years Ended December 31, 2018 and 2017**

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Leading Creek Conservancy District
Meigs County
34481 Corn Hollow Road
Rutland, Ohio 45775

We have performed the procedures enumerated below, with which the Board of Directors and the management of Leading Creek Conservancy District (the District) and the Auditor of State agreed, solely to assist the Board in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2018 and 2017, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management and the Board are responsible for complying with the compliance requirements. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash and Investments

1. We recalculated the December 31, 2018 and December 31, 2017 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2017 beginning fund balances recorded in the Activity Report to the December 31, 2016 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2018 beginning fund balances recorded in the Activity Report to the December 31, 2017 balances in the Activity Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2018 and 2017 fund cash balances reported in the December Monthly Income & Expense Report. The amounts agreed.
4. We confirmed the December 31, 2018 bank account balances with the District's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2018 bank reconciliation without exception.
5. We selected a sample (agreed upon) of five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2018 bank reconciliation:
 - a. We traced each debit to the subsequent January, February and March bank statements. We found no exceptions.
 - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. There were no exceptions.

6. We inspected investments held at December 31, 2018 and December 31, 2017 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We found no exceptions.

Charges for Services

1. We selected a sample (agreed upon) of 10 water collection cash receipts from the year ended December 31, 2018 and 10 water collection cash receipts from the year ended 2017 recorded in the Duplicate Cash Receipt Book and:
 - a. Agreed the receipt amount per the cash receipt journal to the amount recorded to the customer's account in the Aged Trial Balance Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Aged Trial Balance Report for the billing period. We found no exceptions.
 - ii. Complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing period, plus any applicable late penalties, plus unpaid prior billings. We found no exceptions.
 - c. Receipt was posted to the proper fund, and was recorded in the year received. We found no exceptions.
2. We inspected the Aged Trial Balance Report.
 - a. This report listed \$185,338 and \$214,914 of accounts receivable as of December 31, 2018 and 2017, respectively.
 - b. Of the total receivables reported in procedure 2a, \$78,411 and \$63,360 were recorded as more than 90 days delinquent as of December 31, 2018 and 2017, respectively.
3. We inspected the Adjustment Journal.
 - a. This report listed a total of \$111,280 and \$50,732 non-cash receipts adjustments for the years ended December 31, 2018 and 2017, respectively.
 - b. We selected a sample (agreed upon) of five non-cash adjustments from 2018 and five non-cash adjustments from 2017, and noted that the General Manager approved each adjustment.

Debt

1. From the prior audit documentation, we observed the following notes and loans were outstanding as of December 31, 2016. These amounts agreed to the District's January 1, 2017 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2016:
OWDA – 2035	\$ 83,422
OWDA – 3186	117,835
OWDA – 3774	97,213
Vinton National Bank	19,809
Vinton National Bank	44,678

2. We inquired of management, and inspected the Receipt Journal and AP Payment History View Report for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. All debt agreed to the summary we used in procedure 3.

3. We obtained a summary of notes and loans debt activity for 2018 and 2017 and agreed principal and interest payments from the related debt amortization schedules to O&M fund payments reported in the AP Payment History View Report. We also compared the date the debt service payments were due to the date the District made the payments. We found no exceptions.
4. For new debt issued during 2018 and 2017, we inspected the debt legislation, which stated the District must use the proceeds to buy trucks. We inspected the AP Payment History View Report and observed the District purchased trucks in December 2018.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2018 and one payroll check for five employees from 2017 from the PA Check History View Report and:
 - a. We compared the hours and pay rate, or salary recorded in the PA Check History View Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We inspected the fund and account code to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the employees' personnel files. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2018 to confirm remittances were timely paid, and that the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2018. We observed the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2019	December 20, 2018	\$ 2,527	\$ 2,527
State income taxes	January 15, 2019	January 2, 2019	\$ 1,259	\$ 1,259
OPERS retirement	January 31, 2019	January 31, 2019	\$ 9,903	\$ 9,903

Non-Payroll Cash Disbursements

1. We selected a sample (agreed upon) of ten disbursements from the PA Check History View Report for the year ended December 31, 2018 and ten from the year ended December 31, 2017 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the PA Check History View Report and to the names and amounts on the supporting invoices. We found no exceptions.
 - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
 - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Sections 5705.28(B)(2), 5705.41(D) and 6101.44. We found no exceptions

Compliance – Budgetary

1. We compared the total estimated receipts from the *Board Approved Budget*, required by Ohio Rev. Code Sections 5705.28(B)(2) and 5705.36(A)(1), to the amounts recorded in the Amended Income Statement Budget Comparison Report for the years ended December 31, 2018 and 2017. The Board Approved Budget Report recorded budgeted income of \$1,523,604 and \$1,586,793 for years ended December 31, 2018 and 2017. However, the Amended Income Statement Budget Comparison Report reflected \$1,550,303 and \$1,581,290 for years ended December 31, 2018 and 2017. The fiscal officer should periodically compare amounts approved in the Board approved budget to amounts recorded on the Income Statement Budget Comparison to assure they agree. If the amounts do not agree, the Directors may be using inaccurate information for budgeting and monitoring purposes.
2. We inspected the appropriation measures adopted for 2018 and 2017 to determine whether the Directors appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Sections 5705.28(B)(2) and 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Section 6101.44, to the amounts recorded in the Income Statement Budget Comparison Report for 2018 and 2017 for the only fund, the O&M fund. The amounts on the appropriation resolutions did not agree to the amounts recorded in the Board Approve Budget Report. The fiscal officer should periodically compare amounts approved in the Board approved budget to amounts recorded on the Income Statement Budget Comparison Report to assure they agree. If the amounts do not agree, the Directors may be using inaccurate information for budgeting and monitoring purposes.
4. Ohio Rev. Code Section 6101.44 prohibits appropriations from exceeding the unencumbered balance plus the amounts to be received during the year. We compared total appropriations to total estimated resources for the years ended December 31, 2018 and 2017. We found no funds for which appropriations exceeded estimated resources.
5. Ohio Rev. Code Section 6101.44 prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2018 and 2017, as approved in the appropriation resolution. Expenditures did not exceed appropriations.
6. Ohio Rev. Code Section 6101.44 requires establishing separate funds to segregate externally-restricted resources. We inspected the General Ledger Report for evidence of new restricted receipts requiring a new fund during December 31, 2018 and 2017. We also inquired of management regarding whether the District received new restricted receipts. There was no evidence of new restricted receipts for which Ohio Rev. Code Section 6101.44 would require the District to establish a new fund.
7. We inspected the General Ledger Report for the years ended December 31, 2018 and 2017 for negative cash fund balance. Ohio Rev. Code Section 5705.10 (I) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. The only fund did not have a negative cash fund balance.

Other Compliance

1. Ohio Rev. Code Section 117.38 requires districts to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. The Auditor of State established policies complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We confirmed the District filed their complete financial statements, as defined by AOS Bulletin 2015-007 and the Auditor of State established policy within the allotted timeframe for the years ended December 31, 2018 and 2017 in the Hinkle system. There were no exceptions.
2. For all credit card accounts we obtained:
 - a. the District had no existing internal control policies;
 - b. a list of authorized users, and
 - c. a list of all credit card account transactions.

We selected 3 credit card transactions for testing. For selected transactions, we inspected documentation to determine that each transaction was supported with original invoices and for a proper public purpose. We found no exceptions.

This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on the District's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

This report is for the use of the District to assist in evaluating its receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2018 and 2017, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
May 7, 2019

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OHIO AUDITOR OF STATE KEITH FABER



LEADING CREEK CONSERVANCY 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
AUGUST 22, 2019**